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An Investigation of the Impact of the 2008/2009 Economic Recession on NGO Sustainability
and Functioning: A South African Perspective Across the Social Service, Health and
Education Sectors

By

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Declaration

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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ABSTRACT

The most recent economic recession severely challenged civil society organisations and the communities they served. A survey was conducted during 2010 to measure the impact of the 2008/2009 financial crisis on sustainability and functioning of Non Governmental Organisations (NGOs) in South Africa and to determine how organisations reacted to this challenge.

Quantitative research was undertaken using a descriptive exploratory research design aimed to explore the opinions and experiences of NGO directors within the social service, health and (formal) education and research (education) sectors in South Africa. The Prodder Directory database of South Africa was used to determine the population. The population served as the sample, which ensured probability. There were 813 organisations listed for the three sectors of which only 637 were active. Out of these, 61 organisations completed and submitted the questionnaire. Data was analysed using Microsoft Excel and SurveyGizmo.

Findings of this research revealed that NGOs received less funding from different sources of funding during the economic recession. However, 31 (51%) respondent organisations indicated an increased annual income while 17 (28%) indicated an average of 32% decrease in income. The decreased income had various negative effects on organisation. However, organisations implemented various strategies to curb such negative impacts.

As expected a huge number of organisations (89%) indicated that the demand for their organisations' services increased during the economic recession. The impact of this increased service demand on the sustainability of respondent organisations meant that organisations were forced to demand more support from funders and donors. Furthermore, it meant an increased demand for organisations' resources to cover the cost of the increased demand as well as an increased demand on movable assets. Organisations implemented strategies to curb these effects. The research results further indicate that the economic recession had minimal effect on the personnel of respondent organisations. Even though the economic recession created a huge threat to the sustainability and functioning of South African NGOs it also created some opportunities. Finally, although a few organisations conveyed a concern for their long-term financial health, most respondent organisations were optimistic about their sustainability in relation to the economic recession.

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CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

This chapter will introduce the general topic of the research focus. It provides the background of the research, as well as outlines the research questions and objectives as well as the structure of the research report.

1.2 STATEMENT OF THE RESEARCH PROBLEM AND ITS SIGNIFICANCE

The economic crisis of 2008/2009 emerged in developed economies in 2008 and spilled over into the developing countries and economies in transition through international financial and trade channels. This is the greatest financial crisis the world has faced since the Great Depression (Hanfstaengl, 2010; Sandra, 2008). At the height of the recession, many feared that it would change into a depression. Banks were “unwilling to lend, credit spreads had widened sharply, stock markets had plunged and economies everywhere were stumbling” (Bustillo & Velloso, 2009:7).

Some of the effects of the economic recession on society were increased price in food and living costs. Furthermore, corporations experienced a reduction in profit. One would assume that it is inevitable for NGOs to be amongst the most affected groups because generally people donate less in economically difficult times. Usually the impact of economic recession on NGOs is very challenging as they are faced with increased service demand and a reduction in funds. However, empirical research to prove this assumption has been very limited. There are studies done on the impact of this crisis on NGOs however, most of these studies focused on multinational NGOs and none focused specifically on South Africa. Therefore, little is known about how NGOs in South Africa experienced the economic recession.

This study was undertaken to analyse and explore the experiences of South African NGOs who worked in the social service, health and education sectors during the 2008/2009 economic recession. The aim of this inquiry was to explore the sustainability issues faced by NGOs who operated within the social service, health and education sectors during the 2008/2009 economic recession

The recent economic crisis exposed the South African NGO sector to a potential threat at a time when their services were in high demand. NGOs in South Africa provide various basic services mainly in the social, educational and health sectors (Kalis, 2000). However, the

essential services were threatened as the source of funding NGOs needed dried up because many international companies were unable to afford to give donation to NGOs during the economic recession. At the same time, NGOs services were at their highest demand since many people who were out of work and were forced to rely on NGOs for assistance. NGOs experienced difficult situations as they tried to extend their services to meet the increased need, despite their funding constraints (Hanfstaengl, 2010). Hence, this research examined how NGOs reacted and functioned during the economic recession.

As the world is interlinked and things are intertwined, it is unavoidable that the effects of such a crisis especially on international companies and off-shore individuals have consequences on South African NGOs. Little research has been done on the effect of the economic recession on South African NGOs. Therefore, this research draws upon research done in other counties where there is a record of how the economic recession impacted the finances, service delivery and personnel of NGOs to explore the experiences of South African NGOs.

1.3 RATIONALE (MOTIVATION FOR THE STUDY)

The lack of research on the effects of the 2008/2009 economic crisis on NGOs in South Africa has led to a vague picture of its impact. This is sobering because NGOs are the cornerstone of South African society, as government alone cannot solve and deal with the issues that society faces.

After investigating the experiences of the social service, health and education sectors, of South African NGOs, the South African NGO sector would be in a better position to know the potential impact of the recession, which would enable them to prepare adequately in case of a future economic crisis. This information can also be helpful to government and donors who would want a realistic picture of how NGOs are affected by such a recession. This research report intends to shed light on how NGOs tried to manage and function to meet their missions and objectives during the economic recession as well as whether the ways they used were effective.

This research report provides a synopsis of research findings contained in different literatures of how NGOs fared during the economic recession. However, special attention is given to NGOs in South Africa. It also includes a brief description of the research methodology used

followed by the survey's results. Finally, the research report includes some conclusions and recommendations based on the results.

1.4 ASSUMPTIONS THAT INFORMED THE RESEARCH

This research process was guided by the following assumptions:

- During a recession, people have less money so the amount they donate to charities and NGOs will decrease or cease;
- In a recession, more people will be in need of support, so the demand for NGO services will rise; and
- Organisations who are actively involved in generating their own income are less affected by the economic recession than those dependent on external sources of funding.

1.5 RESEARCH QUESTIONS

The main research questions of the investigation were:

- Are NGOs facing a decline in revenue? If so, what is the impact of a decline in revenue on the operation of the organisations?
- What has the impact of the recession been on the service delivery of NGOs?
- Have NGOs experienced an increased demand for their services during the economic recession?
- Has the economic recession affected the organisations personnel and if so how?
- How are NGOs responding to the pressures exerted by the economic recession and what consequences, if any, have they had to endure?
- Are South African NGOs in the social service, health and education sector sustainable?

1.6 RESEARCH OBJECTIVES

The main objectives of the research were:

- To determine if NGOs are facing a decline in revenue, and if so, how it has affected their functioning as NGOs;
- To investigate how the 2008/2009 economic recession has impacted service demand of NGOs;

- To determine how the economic recession impacted the service delivery of NGOs;
- To explore the impact of the economic recession on the personnel of NGOs;
- To determine how NGOs responded to the pressures exerted by the 2008/2009 economic recession and what consequences, if any, they had to endure; and
- To determine the sustainability issues of organisations working under the social service, health and education sectors.

1.7 CLARIFICATION OF CONCEPTS AND TERMS

South Africa

In this research, South Africa refers to a country in the Southern part of Africa and includes nine provinces namely, Eastern Cape, Free State, Gauteng, KwaZulu Natal, Limpopo, Mpumalanga, the Northern Cape, North West and Western Cape. The mid-year population estimate for South Africa showed that the population of South Africa in 2010 was 49,991,300 (Statistics South Africa, 2010:4).

Non-Governmental Organisations (NGOs)

This term usually means different types of organisations not associated with the government. However, the term NGOs in South Africa refers to Non Governmental Organisations that are of a non-profit nature. In this case, the definition of NPO applies to an NGO in South Africa. According to the Non Profit Organisations Act (Act 71 of 1997) of South Africa, Non-Profit Organisation means a “...trust, company or other association of persons:

- a) established for a public purpose; and
- b) the income and property of which are not distributable to its members or office-bearers except as reasonable compensation for services rendered” (Section, 1).

Most NGOs are registered in terms of the Non Profit Organisations Act (Act 71 of 1997). Section 18A organisations (Public Benefit Organisations) are registered in terms of the Income Tax Act (Act 28 of 1997). Section 21 companies are registered in terms of Companies Act (Act 71 of 2008) while Trusts are registered in terms of the Trust and Property Control Act (Act 57 1988).

Economic Recession

The unofficial and widely accepted definition of economic recession is two consecutive quarters of receding real GDP (negative growth) (Leaner, 2008). However, the National Bureau of Economic Research (NBER) that declares economic recession in the United States in Leaner (2008:6) defines a recession as a “significant decline in economic activity lasting more than a few months.”

Social Service/Welfare Sector

There are various legal frameworks that dictate the work of social service NGOs in South Africa. To start with, the National Welfare Act (Act 100 of 1978) is an Act that defines the power and functions for welfare programmes and registration of welfare organisations. The White Paper for Social Welfare, 1997 is also a national policy document that was drafted to address the social development and welfare needs that South Africa experiences due to the legacy of Apartheid. The White Paper sets out the principles, guidelines, proposed policies and programmes for developmental social welfare in South Africa. As the primary policy document, the White Paper serves as the foundation for social welfare in the post-1994 era. Welfare services and social development activities in South Africa have been a collaborative task between civil society organisations and the South African government. This forms part of the Public Private Partnership. Especially since 1994, NGOs have collaborated with various government and community based organisations to deliver the services that are needed by the South African population (NGOPedia, 2009 and National Welfare Social Service and Development forum, 2010).

Health Sector

The National Health Act (Act 61 of 2003) provides a framework for a structured uniform health system in order to unite the various elements of the national health system in a common goal to improve universal access to quality health services. This Act requires the “state to take reasonable legislative and other measures to progressively achieve the right of access to healthcare services within its resources.” (Mngadi, 2005:1). The Act ensures that the rights of children to basic health services as well as everyone’s right to an environment that is not harmful to health or well-being. This Act is seen as the most important piece of legislation for the health sector as it sets out broad legal and operational principles that must be adhered to in any other regulations relating to health (Mngadi, 2005).

There are various NGOs at different levels that play crucial roles in healthcare in South Africa. They usually cooperate with government to address priority issues/problems in society. In particular, they make an essential contribution in addressing concerns relating to HIV, AIDS and TB issues. They also participate and contribute significantly in the fields of mental health, cancer, disability and the development of Primary Healthcare (PHC) systems. Through the Partnership for the Delivery of PHC Programme (PDPHCP), including the HIV and AIDS Programme, the Health Department has strengthened its collaboration with NGOs. The PDPHCP has empowered communities and NGOs working in the health sector by focusing on three key areas:

- Providing skills to all NGOs in the rural nodes by using accredited service-providers;
- Reducing unemployment by ensuring that NGO workers are provided with stipends; and
- Ensuring accountability by requiring NGOs to include community members in their administration structures.

(South African Yearbook, 2009/2010:294)

NGOs in South Africa provide health services nationally, provincially and locally. The extension of services to all levels and on all scales ensures that all citizens are served as much as possible (South African Yearbook, 2009/2010). According to the Prodder Directory, there were 227 NGO working within the health sector at the time the survey was sent (<http://www.prodเดอร์.org.za/about-prodder>).

Education Sector

The National Education Policy Act (Act 27 of 1996) identifies the policy, legislative and monitoring responsibilities of the Minister of Education and formalises the relations between national and provincial authorities. The Act embodies the principle of co-operative governance.

The South African Schools Act (Act 84 of 1996) promotes access, quality and democratic governance in the schooling system. It makes schooling compulsory for children aged seven to 15 years, or learners reaching grade nine, whichever occurs first. It also provides for two types of schools independent schools and public schools. The Act's provision for democratic

school governance through School Governing Bodies (SGBs) is in place in public schools nationally.

NGOs in this sector are emerging as important partners in educational transformation and are often a source of creativity and innovation. The Department of Education is working with NGOs and the private sector to expand relationships, particularly in the areas of educator training, school improvement, Adult Basic Education and Training (ABET), Early Childhood Development (ECD) and Further Education and Training (FET), as well as monitoring, evaluation and research. The private sector is engaging increasingly in the provision of basic education by funding FET initiatives, building schools in needy communities and supporting the provision of teaching and learning equipment (SA yearbook).

According to the Prodder Directory there were 222 NGOs working within the Education sector at the time the survey was sent.

Non Profit Organisations Act (Act 71 of 1997)

This Act dictates the work of NGOs and non-profit organisations in South African in general, no matter what service they are providing. The Act is aimed at creating an environment that will enable NPOs to flourish. Thus, it established a regulatory framework within which NPOs can conduct their affairs and encourage NPOs to maintain adequate standards of governance, transparency, and public accountability (Section 2). Essentially, the Act provides a registration facility for existing South African forms of NPOs, Section 21 Companies, Trusts and Voluntary and other non-profit associations, provided that they comply with certain minimum establishment requirements and annual reporting requirements.

Sustainability

“Sustainability is a measure of an organisation’s ability to fulfil its mission and serve its stakeholders over time” (Abt Associates Inc, 1994: 8). According to Conradie (1999:2), the notion of sustainability entails an organisation being “fully operational over the longer term.” Hollingworth (2009:1) indicates that for an organisation to be sustainable certain factors need to be considered. These include the “organisation itself, its human resources both inside and outside, its community/society/ethno-sphere and the planets’ biosphere’ as well as human resources, which is how the staff members of the particular organisation are created.”

1.8 OUTLINE OF THE RESEARCH REPORT

Chapter One included the research report's introduction, providing a brief background of the NGO sector in South Africa in regard to its sustainability. It presented the statement and significance of the study, as well as the rationale for the study. It further included the research questions and objectives and the clarification of key concepts and terms, which are used in the research report.

Chapter Two provides a review of literature pertaining to the study. A brief background of the NGO sector in South Africa, with a focus on its role and existence is discussed. Some literature, which examines the impact of the economic recession on the functioning of NGOs specifically in terms of service delivery, funding and the personnel of the organisations, is highlighted.

Chapter Three looks at the research design and the methodology utilised in the research. It introduces the chapter's contents in an overview before it specifies research design. Chapter three presents the process of securing the sample and discusses choice of data collection method and collection tool. Finally, it sets out the steps that were used for analysing the data. It also includes a critical analysis of the limitations within the research study.

Chapter Four contains a discussion of the results and relates the results to the literature review, examining contradictions, similarities and differences between this research's results and research studies done in the past.

Chapter Five involves a section of conclusions and recommendations based on the results of the study, as well as general recommendations provided by respondent organisations.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The literature review starts with a brief background of the South African NGO sector. This is followed by a review of the literature on the 2008/2009 economic recession that highlights the threats and opportunities it created for NGOs. Furthermore, this chapter discusses the impact of the economic recession on finances, service delivery and personnel of NGOs. It looks at some of the strategies and tactics NGOs used to curb the effect of the economic recession. Finally, chapter Two highlights some of the potential opportunities for the development and sustainability of organisations that emerge in such a crisis.

2.2 BRIEF BACKGROUND OF NGO EXISTENCE AND ROLE IN SOUTH AFRICA

While the history of the NPO sector in South Africa goes back as early as 1920s the presence of a large and vibrant NPO sector is known to exist in South Africa particularly since 1980 (Swilling & Russell, 1978). During the Apartheid regime, there were various types of NGOs providing different kinds of services and occupying different roles in the South African society. According to Taylor & Habbib (1999) and (Naidoo, 1997 cited in Heinrich 2001:4), there were four types of NGOs during the Apartheid regime. These included, organisations closely linked to and servicing the anti-apartheid movement, liberal NGOs advocating changes in apartheid policies from within the political system, NGOs focusing on social service delivery while trying to remain neutral with regard to the political arrangement and lastly, large welfare bodies cooperating with the apartheid regime on the racially segregated delivery of social services. Generally, South African NGOs played a great role in ending apartheid.

NGOs during apartheid were governed by various statutes. The first was the Fundraising Act (Act 107 of 1978) which was designed to empower the control of the government and to bring any kind of voluntary contribution for almost any purpose. With a very few exceptions such as schools and sports clubs, other bodies like NGOs and CBOs intending to receive contributions were required to register as fundraising organisations. If the obligations were not met, organisations were subject to “seizure, interrogation and confiscation” (National Welfare Social Service and Development forum, 2010:1).

The second Act was the Disclosure of Foreign Funding Act (Act 26 of 1989). This required organisations to report confidential information on sources of foreign funding thereby exposing the organisation or person to such actions as banning or restriction (HCR, 1989 cited in SAHO, 1989). This Act however was not fully implemented.

Regardless of such Acts a lot of funding was coming into the country to support the services of various NGOs especially those supporting the black communities and those opposing the policies of the apartheid government. This financial support from the external community helped South African NGOs to expand. Since 1994, South Africa has made considerable progress towards the forging of a non-racial, democratic and economically successful society (Abt Associates Inc, 1994). Despite the positive contribution made by NGOs towards this progress, to varying degree, each of these NGOs faced challenges in the immediate post apartheid period due to a loss of foreign funding and personnel to the new ANC led government (Heinrich, 2001). Funding in immediate post-apartheid context was channelled through the new, ANC led government, which made it difficult for NGOs to access foreign funds easily. Furthermore, the conditions attached in terms of requirements and obligations made it much harder to access these resources. Donors started diverting their funds to other NGOs or projects in other countries due to the belief that South African NGOs did not need their help anymore. Other donors believed that South Africa was a middle-income country and therefore did not deserve any aid from external agencies (Rapoo, 2010 & Kabane, 2011).

During the immediate post-apartheid transition, in addition to financial difficulties, the NGO sector faced the loss of its skilled and experienced staff as the new government and businesses provided better remuneration. Observing this, the new government started creating an environment where NGOs could freely and adequately function. However, NGOs still face having to adjust to increased accountability, and the need for high efficiency and skilled personnel to meet the requirements by various parties (Heinrich, 2001). Furthermore, South African NGOs face additional challenges related to the operating environment, including national and local politics and policies, the activities of other organisations and the lack of availability of skilled personnel (Abt Associates Inc, 1994).

By establishing laws, the government of South Africa has demonstrated its willingness to redirect substantial fiscal resources into NGOs (Habib, 2002). For example, the National Development Agency Act (Act 108 of 1998) established the National Development Agency

(NDA). The primary aim of NDA is to “contribute towards the eradication of poverty and its causes by granting funds to civil society organisations for the purposes of carrying out projects or programmes aimed at meeting development need of poor communities and strengthening the institutional capacity of other civil society organisations involved in direct service provisions to poor communities” Sec 3 (1). The NDA gets an annual allocation from government for funding NPOs and it will complement this with international and local donor funds (Habib, 2002). The second statute is the Lotteries Act (Act 57 of 1997). This established a national lottery for the first time and provided for the introduction of a fund comprising the proceeds from the lottery. An independent board was created to ensure that funds were allocated for purposes defined in the Act, including activities carried out by NPOs (Habib, 2002).

There is also the Taxation Laws Amendment Act (Act 30 of 2000). This Act exempts NPOs from income tax and donors from donation tax when they donate to what the act defines as a Public Benefit Organisation (PBO). Section 30 (1) defines a PBO as “any organisation of a public character: which is a section 21 Company, Trust, Association; and the sole object/s of which are to carry on one/more public benefit activities in a non-profit manner and subject to certain trading restrictions” (Habib, 2002:78). Finally, the Public Finance Management Act (PFMA) (Act 1 of 1999) as amended by Act (Act 29 of 1999) is one of the most important pieces of legislation in South Africa. It informs the management of all public finances and promotes objective of good financial management in order to maximise service delivery through effective and efficient use of limited resources (PFMA, 1999:1).

Despite these statutes there are still some factors that threaten the sustainability of many South African NGOs. A study by Smit (2005:353) examined organisations in the Western Cape to see whether their futures were secure and the majority (68%) of the organisations said their futures were not secure. Seventy five percent said this was due to lack of funding. In addition to the lack of funding, the lack of skilled workers and insufficient management capacity to oversee and ensure the successful implementation of projects and delivery of services were contributing factors to the challenges faced by NGOs. Furthermore, in Swilling & Russell’s (1978:86) study, NPOs stated two major problems facing them; these were lack of sustainable funding base and lack of organisational and managerial capacity. In the same study, organisations were asked to indicate the most serious problems. These included lack of

government financial support, which is specific to finance (55%), lack of government support that includes other types of support other than finance (53%), lack of contributions from the public sector (45%) and lack of contact with potential funding sources (Swilling & Russell, 1978:87). An article by the Regency Foundation Network (2008) highlighted that 55% organisations indicated that there was inadequate funding from the government.

How did the 2008/2009 economic recession contribute to these long held issues that South African NGOs face? Responses to this query will be explored in subsequent sections. The following section includes a summary of the literature on the impact of the 2008/2009 economic recession on the sustainability and functioning of NGOs worldwide. This information presented is mostly based on surveys done overseas such as America and Canada.

2.3 THE 2008/2009 ECONOMIC RECESSION

According to the National Bureau of Economic Research (cited in Hanfstaengl, 2010) the 2008/2009 recession began in December 2007 in “major developed economies and spilled over into the developing countries and economies in transition through international financial and trade channels. This deteriorating international economic environment persisted during the first half of 2009, posing tremendous challenges to developing countries in financing development” (Hanfstaengl, 2010: 8). While a few emerging market countries were viewed favourably by financial markets, others had to rely on official international support from the International Monetary Fund (IMF). Several developing countries struggled to find the financial resources to cover pressing budgetary demands. Despite limited resources, developing countries faced the challenge of increased spending and investment on social safety nets, human development and essential infrastructure, restoring sustainable growth (Hanfstaengl, 2010: 8).

According to the International Labour Organisation (ILO) (cited in Hanfstaengl, 2010:8) ongoing economic recession affected low-income groups disproportionately. It stated that 20 million jobs were lost through the crisis and almost 11 million were in medium and low-income countries. In emerging and developing countries, high-quality jobs have been lost and affected workers were likely to move into the informal economy. The ILO suggested that in developing countries employment levels could start recovering in 2010, but may not reach

pre-crisis levels before 2011. In addition, the unemployed in higher income countries received unemployment insurance as an income support. However, the unemployed in developing countries were left to their own devices. In such contexts, people with no safety nets suffer the most and the work of NGOs becomes more important (Hanfstaengl, 2010).

Some of the effects of the economic recession on multiple societies have included increased food prices and living costs. Furthermore, corporations experienced a reduction in profit. One would anticipate that NGOs many of which depend on funds from external sources would be amongst the most affected sectors of societies because they have to respond to increased service demands due to the huge losses of jobs and high stress created by the economic recession with less financial support. As NGOs are dependent on funds from external sources, they are vulnerable to lower income during such a crisis.

2.4 SOURCES OF FUNDING DURING THE ECONOMIC RECESSION

Generally, the NGOs' experience of the economic recession was diverse. The two main themes that appeared in the literature were that the economic recession threatened the functioning of NGOs but also created opportunities for creativity and innovation.

The availability of funding is very crucial to the survival of NGOs, particularly during an economic recession. Respondents to a survey carried out by the Alliance for Non Profit Excellence (2009) reported reductions from all major categories of funding sources during the economic recession. This included loss in corporate sponsorships (70%), corporate grants (69%), major gifts (62%), foundation grants (61%), small individual gifts (57%), and special events (50%) (Alliance for Non Profit Excellence, 2009:2). However, at the same time, some NGOs in 2009 study indicated increases in almost every major funding category, including in-kind donations (25%), special events (19%), and small individual gifts (18%) (Ibid). Furthermore, many non-profit leaders in this survey described how local, state and federal funding streams were reduced, eliminated, or jeopardized. More than a third of non-profit organisations that received state and/or local funding said they experienced delayed payments on grants and contracts (Ibid).

The United Nation's worldwide survey portrayed similar results where respondents reported reductions from individual contributions, private foundations, international institutions and governments. Out of the 640 CSOs surveyed, 582 reported a decrease in the different

categories of funding. Out of these 582 respondent organisations, 147 said there was a decline in direct personal contributions, 104 reported reductions in contributions from private foundations, 95 reported a decrease from international institutions, 87 from government and 71 from corporations (Hanfstaengl, 2010:24). The majority of CSOs in Sub-Saharan Africa highlighted a drop in receipts from the private sources of funding including from private foundations and corporations, grants from international institutions and governments (Hanfstaengl, 2010). Further, a study by Social Planning Network of Ontario (SPNO) (2009:3) showed funding cuts from private donors (52%), self-generated sources such as fees (39%) and foundation funding (31%) and government sources (13%).

2.5 IMPACT OF ECONOMIC RECESSION ON THE FINANCES OF NGOS

There are various financial implications for NGOs that resulted from the economic recession. Research results from different studies show that the economic recession has had a huge negative impact on the finances of NGOs. For example, the study of the Alliance for Non Profit Excellence (2009:2) indicated that 73% of respondents reported decreased revenues in their current fiscal year, 91% reported that at least 10% of their current budget was at risk for reduction and 18% said that at least 50% of their budget could be cut. Overall, 64% of budget reductions or expected reductions were the result of a drop in individual donations, 58% from reduced corporate support and 42% was attributed to decreased foundation funding.

On a similar note, in a study by the Johns Hopkins Non Profit Listening Project (Salamon et al, 2009) which surveyed a nationwide sample of Non Profit Organisations (363) that worked in 5 key areas, including children and family services, elderly, houses and services, education, community and economic development and arts portrayed a 51% decline in revenue. More than half indicated increased costs particularly for health benefits, which reported 80% decline in endowments and a decreased cash flow as a result of restricted credit and government payment delays (Salamon et al, 2009:4). Another study by the Vancouver Foundation (2009:4) conveyed that 53% of the respondents experienced a drop in revenue in their current fiscal year with the average decline being 19%. Furthermore, a study by Foster et al (2009:3) carried out in May 2009 stated that 92% of the respondent organisations indicated they were experiencing the effects of the economic recession. This shows an increase up from 75% in the November 2008 survey. Forty-nine percent of the respondents

conveyed their financial situation deteriorated in the past six months due to the economic recession.

Cash reserves are a safeguard for organisational sustainability especially in times of economic turmoil. The availability of cash reserves within organisations signifies that organisations are in a good financial health. Cash reserve is important to the sustainability of any organisation. It can be generated through trading activities, and organisations can invest their reserves for more interest and build reserves (Vayanos, 2009). However, the economic recession challenged the survival and accumulation of cash reserves. The results from the Alliance for Non Profit Excellence (2009:2) highlighted that organisations' reserves are being challenged due to the economic recession. Even though it portrayed that 73% of organisations indicated they had cash reserves, 27% of the respondent organisations had no cash reserve. Out of those organisations who indicated they had cash reserves, 37% had 1-6 months of reserve and 14% between 6-12 months. Further, 30% of those with reserves said they had begun spending them down to cover budget shortfalls due to the economic recession. Furthermore, from the respondents that said they had endowment funds, 80% had seen their endowments lose value over the last year, with losses ranging up to 70% of the total value. Generally, 49% of the respondents indicated that they would end their current fiscal year with a budget deficit (Ibid). Although some CSOs had seen increased funding, overall the survey conveyed a worsening financial situation for CSOs during the period 2008-2010. The results from the Bridgespan Group survey further indicated that the value of their reserve decreased during the economic recession. For example, the percentage of organisations that reported they have tapped into their reserves increased from 19% to 33% over the past six months (Foster et al, 2009:7).

2.6 IMPACT OF ECONOMIC RECESSION ON SERVICE DELIVERY

The Economic recession also had an impact on the nature and scope of services needed by clients and the capabilities of organisations to deliver these. The key findings from the Alliance for Non Profit Excellence (2009) and Hanfstaengl (2010) indicated that organisations experienced an increased demand for services as a direct result of the economic crisis. The respondents from the Alliance for Non Profit Excellence (2009:1) highlighted that 43% of the respondents said they were seeing qualitative changes in demand, including needs that were more urgent and a wider array of services being requested. Many Non Profit leaders

in this research noted that their client profiles had greatly expanded to include people who did not previously require services. Organisations that had client threshold requirements such as maximum income levels stated that many more applicants were meeting these requirements (Alliance for Non Profit Excellence, 2009). Furthermore, the respondents from the study undertaken by the United Nations Secretariate indicated that the amount and scope of requests for support by the constituencies and partners of civil society organisations grew since 2006. More than half (52%) of the responding CSOs (348) reported that demand for services rose substantially while 31% saw a moderate increase, 21% a large increase, 17% a moderate decrease, 12% a large decrease and 20% no change (Hanfstaengl, 2010:36).

The Social Planning Network of Ontario (SPNO, 2009) conducted a survey with 413 community service agencies from across Ontario with the objective of investigating the impact of the economic recession on social service agencies and how this impact affected their capacity to provide the services needed by their constituencies. The results revealed that 60% of the respondents reported that their service demands had mostly increased (SPNO, 2009:2). Seventy five percent of these organisations attributed the increased service demand primarily to the economic recession (SPNO, 2009: 2). Some of the services that showed an increased demand were employment services, job training programmes and bankruptcy and credit counselling services. Health services like, mental health counselling and suicide and crisis intervention programmes were also impacted. Furthermore, 97% of the respondents indicated an increased number of people requesting services since 2008. Forty nine percent of respondents indicated that more time was spent in crisis management and had less time for preventative programmes. Seventy-two percent reported that they found increased complexity in the needs of the people they served (ibid).

A similar survey carried out in September 2009, distributed to agencies via the Social Planning Council of Cambridge and North Dumfries (2009:3) portrayed increase in service demand. From the 38 agencies that responded, 68% respondents reported seeing an increase in service demand while 18% saw no change and 12% saw service demand increase or decrease, depending on the service. None of the 38 agencies reported an overall reduction in service demand. The composition of the clients needing services was also seen to change. Sixty-five percent of the respondents felt that the changes in service demand were directly or partially attributed to the worsening economic recession primarily, 13% of the respondents saw other factors as primarily responsible for the changes in service demand, such as

increased public awareness (Social Planning Council of Cambridge and North Dumfries, 2009:3). Furthermore, the results of this survey showed the impact of the increased service demand on organisations. Some of these impacts included, increased caseloads, more hours worked without additional staff, increased stress on staff and organisation, inability to provide clients with holistic support they needed, increased costs for human resources costs, volunteer burnout, increased waiting time, increased reliance on fees for service work, and increased human resources investment in securing additional funding sources (ibid). There was no indication of receiving additional funding to meet this increased demand.

Another survey carried out by the Calgary Chamber of Voluntary organisations (CCVO) (2009) highlighted that almost two thirds of respondent organisations indicated an increased demand for their programmes and services. The greatest increased demand was in the social service (82%) and health (68%) sectors (CCVO, 2009:3).

2.7 SOUTH AFRICAN NGO EXPERIENCES OF THE 2008/2009 RECESSION

There is clear evidence that South African NGOs were also affected by the economic recession.

Rapoo (2010:1) highlighted a significant decline in the amount of funding for South African NGOs from international donors due to the economic recession, in some cases reportedly by as much as a 30% decline. He conveyed that NGOs dependent on international donors were more affected by the economic recession in comparison to other organisations who did not receive funding from international donors. This is because the international foreign donor agencies scaled down their funding drastically, or withdrawn completely, due to low profits. Furthermore, Philp (2009) said that charities that represent HIV/AIDS, animal and education causes reported a crisis in their budgets because foreign, corporate and private donors all gave less or even cancelled debit orders due to the economic recession. According to Jenni Mclead, a co-owner of fundraising Consultancy Downes Murray International said that new donors were taking longer to make up their minds. This was evident when responses from individual donors to her organisation's direct mail requests dropped by 20% (Salgado, 2010). Furthermore, Irene Menell highlighted that she saw a setback in giving from the corporate base, which Franzel similarly conveyed, that it was tougher to raise funds from corporate businesses in 2010 than previously because they are giving less money due to lower profits (Salgado, 2010).

The economic recession has also led to a budget reduction. For example, Philp (2009:1) signified that charity organisations that represent 30% of the social service organisations in South Africa were expected to have R3 billion less to spend on crucial causes because of the recession. On a similar note, many organisations, like Child Welfare South Africa, portrayed that they were in a crisis. Organisations like the Nelson Mandela Trust had to cut services due to less donations received from individuals. The Trust also signified that it was in a financial distress. Some NGOs in the Western Cape closed their doors to communities due to the economic recession. This was specifically due to less income coming from international donors (Peters, 2008).

Naidoo & Nkuna (2009) highlighted that South African NGOs were facing a cash crunch due to the economic recession and the increased demand for services. This forced some organisations to close down. Such actions indirectly affect the communities in which clients live, especially when the problems remain untreated. This action also demonstrates that donors have declared that there is less money available for NGOs due to the economic recession (Ajam, 2009; Thaw, 2009).

Salgado (2010) highlighted that the executive director of the South African Institute for Advancement said that wealthy South Africans were still giving during the economic recession. However, she said that there was a slight drop in funding flowing from the middle and poor classes. Salgado noted that in particular there was a set back in giving by the corporate base. Isabelle Franzen a trustee of the Red Cross Children's Hospital Trust, stated that it has been much tougher to raise funds from corporate organisations (Salgado, 2010). However, she stated that even though some cut back on donations others were still supporting charities, which they felt close to. She further highlighted the fact that even though the economic recession was tough for many organisations, there was evidence that there was money floating around (Salgado, 2010).

2.8 STRATEGIES EMPLOYED DURING THE ECONOMIC RECESSION

Different organisations have taken different measures to deal with the economic recession particularly to the increased service demand and reduced funding.

2.8.1 Organisations' strategies to deal with reduced funds

The most common measures taken in response to the economic crisis were intensification of current fundraising strategies, pursuit of new types of funding, reduced travel, reduced training, programme and services cuts and forming partnerships with other organisations for programme delivery (Hansfstaengl, 2010). Some staff-related recession responses were layoffs, reduction of fringe benefits, reduction of staff hours and salary cuts. Other measures for managing the current economic climate included outsourcing, cancelling special events, renegotiating contracts, replacing full-time staff with part-time staff and interns, freezing the hiring process of new staff members (Hanfstaengl, 2010 & Alliance for Non Profit Excellence, 2009). Furthermore, the study by CCVO (2009:5) highlighted that organisations implemented staff-related recession responses such as modifying staff costs by cutting positions, cutting hours and freezing salary increases or new hires. Respondents from Alliance for Non Profit Excellence (2009:3) indicated that their organisations had conducted scenario planning (52%) to consider the impact of possible changes in income, the operating environment, and/or service needs on their operations and programs, and to develop plans for handling these scenarios.

A broad-based survey of organisations (4010 CSOs) financially supported by the United Nations Secretariat, was undertaken in 2009 and measured the impact of the economic recession on the operating capacity of Civil Society Organisations. Of these organisations only 640 responded. Accordingly, the respondents stated various strategies to curb the impact of reduced funds. These strategies included better collaborative networks with other CSOs which were locally based, additional fundraising campaigns extended use of internet tools, cutbacks in administration costs, staff and programmes and attempts to receive funding from wealthy individuals. They also reported taking traditional strategies, for example greater diligence in managing funds, diversification and the improvement of financial management systems (Hanfstaengl, 2010: 32). Furthermore, in the same study a bit more than half respondents from CSOs in Latin America reported they had to narrow their scope of work (ibid). Looking at Sub-Saharan African, countries 72% narrowed their scope of work, 64% reduced their number of staff, 82% started additional fundraising campaigns and 81% said they were seeking networking with other locally based CSOs (ibid). By comparison 60% of Asian CSOs were able to improve the efficiency of their work. Fifty-eight percent had to narrow their scope of work and 59% reduced their number of staff. Seventy-nine percent

started an additional fundraising campaign and 63% developed additional skills using internet tools (Hanfstaengl, 2010:33).

The Johns Hopkins study also portrayed similar results to these strategies that the respondent organisations employed to address the economic recession. Over half of the organisations surveyed indicated that they launched new or expanded fundraising efforts that targeted individuals, state, local, federal governments and foundations. Furthermore, they demonstrated reduced administrative costs, created collaborative relationships with other non-profit organisations, instituted salary freezes, postponed new hires, relied more heavily on volunteers and increased their marketing and advocacy strategies (Salamon et al, 2009).

The respondents from the SPNO study, (2009:26) indicated adapting the following strategies to cope with reduced funding: supporting more people with the same staffing level (46%), increasing fundraising efforts (45%), applying for funding from another funding source (37%), increased use of volunteers (34%), using agency reserves to cover programme hours (33%), reducing professional development resources (33%), engaging in new partnerships (31%), increased unpaid management overtime (29%), and reducing agency administrative support or system (26%).

2.8.2 Organisations' strategies to deal with increased service demand

As a result of the economic hardship and layoffs, the demand for NGOs services increased significantly. According to SPNO's (2009:23) study, other strategies that organisations used to curb the effect of increased service demand included supporting more people with the same staff (69%) and increase volunteer hours (46%). The rest portrayed an expansion of programme staff time and service hours (28%), fundraising more private dollars to expand programming (27%), and the reallocation of agency administrative dollars (24%) to expand programmes. Furthermore, the organisations from the study conducted by the Social Planning Council of Cambridge and North Dumfries (2009) signified that they were unable to respond effectively to the increased demand for their service. A few signified that they were doing exactly what they used to do and some organisations stated that they were using some strategies to be able to meet needs effectively such as reallocating administrative resources to extend programming, redirecting funds between programmes and increasing volunteer hours. However, this strategy is known to create volunteer burnout.

2.9 OPPORTUNITIES CREATED BY THE ECONOMIC RECESSION

Although the 2008/2009 economic recession was generally perceived in a negative light it offered some opportunities and lessons for NGOs to be innovative and to creatively address the shortfalls in their existing. For example, the following illustrates how non-profit organisations could have benefited from the recession, “Tough times lead to tough choices, but there is a tangible opportunity for non-profit organisations to emerge stronger and smarter” (SPNO, 2009: 9).

Some of the opportunities, as mentioned by different authors, included reaching out to new sources of funding that they have never considered before, improved recruitment and retention strategies by offering competitive salaries, and increased collaboration and partnership in sharing spaces and services to reduce cost. Some of the opportunities documented by the SPNO (2009) study included volunteers offering their services, networking and partnerships with other organisations. Salgado (2010) also highlighted that people were volunteering more instead of giving money because they did not have money to give. Other lessons that could be learnt from the economic recession included more efficient use of resources, as well as increased financial accountability and transparency (CCVO, 2009). However, the CCVO (2009) study highlighted the importance of partnerships and collaboration and stated that it should be based on relationship, trust and most importantly organisations should have complementing missions for successful partnerships.

2.10 CONCLUSION

The literature review demonstrated that NGOs worldwide were affected by the economic recession. The effect was mostly negative as organisations experienced reduced income and increased service demand. However, the literature shows that NGOs were vigorous in implementing various types of strategies to reduce the impact of the economic recession on their finances, service delivery and personnel of their organisations. It was also highlighted that the economic recession created some opportunities for innovation and creativity. Some NGOs made use of these opportunities to develop and improve the way they did things. The optimism of NGOs for the future was revealed, according to various studies in the literature review.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This section discusses the choice of research design and outlines the methodology used to carry out the research. This includes an overview of the constituency of the research study, the sampling technique and a description of the data collection process. The chapter also addresses ethical issues and the fundamental limitations of the research study.

3.2 RESEARCH DESIGN

Research design is a “broad framework on how to undertake the research in order to achieve the objective of the research” (Babbie & Mouton, 2001:40). This research study used a quantitative research design. Quantitative research involves an emphasis of the quantification of constructs. The quantitative paradigm is rooted in the positivist approach to understanding phenomena, which is based on the premise that social sciences can be approached in the same manner as the natural sciences (Babbie & Mouton, 2001:40).

This study is both exploratory and descriptive. In terms of the exploratory nature, a quantitative design allows questions to be investigated with regards to key factors and variables. In other words, this type of research focuses on identifying factors that contribute to a given reality and hence answering the question of why something is the way it is. The exploration examines on the perceptions of the NGO directors to the impact of the economic recession on the finances, service delivery and personnel of the NGOs. This detailed and scientific approach was deemed to be most appropriate for this topic of inquiry as it describes and explores the impact of the 2008/2009 economic recession. Such a research design is important because such study does not exist in South Africa. In terms of the descriptive nature, a quantitative design is characterised by its ability to clearly portray or describe a given situation in concrete, numerical terms.

There are various advantages of using a quantitative research methodology. Firstly, large samples can be surveyed at a relatively low cost. Questions are standardised and can be analysed more objectively. This method is also ideal for succinctly determining opinions and attitudes. It is also more suitable for probability sampling and thus findings can be generalised. A quantitative study is also easier to replicate and multiple topics can be addressed in one survey (Nardi, 2006).

3.3 RESEARCH METHODOLOGY

Research methodology is the way in which the data was collected “It focuses on the research process and the kind of tools and procedures to be used” (Babbie & Mouton, 2001:75). This includes three aspects of the research process: the data collection method or instrument/tool, the research population and sample and the data analysis process (Babbie & Mouton, 2001).

3.3.1 Research population and sampling

3.3.1.1 Population

The population sample utilised in this study was acquired from NGOs in the social service, health and education sectors in South Africa that were listed in the South Africa Prodder Directory. These sectors were chosen to be investigated because the South African NGO sector mainly provides social services, health and education services. Hence, carrying out research on these sectors would make it easier to generalize about the state and nature of the impact of the economic recession on the South African NGO sector. The South African Prodder Directory was chosen because the database provides the most comprehensive online directory about NGOs and development organisations in South Africa. Prodder is an integral part of the SANGONeT NGO and Development Information Portal, the gateway to the NGO sector in South Africa. The aim of the directory is to facilitate accessing information, raising awareness of important issues affecting the development agenda, enhancing the reach and impact of development activists and linking people and organisations through the use of Information and Communications Technology (ICTs) in Southern Africa. To examine the arrangements of the categories of organisations within the directory please view their website (<http://www.prodder.org.za/about-prodder>).

The population thus consisted of organisations that worked in the social service, health and education that were listed in the Prodder directory in November 2010. In total, there were 813 organisations included in these sectors. More specifically, there were 364 NGOs working in the social service sector, 227 in the health sector, and 222 in the education sector.

3.3.1.2 Sampling technique

A probability sampling technique was used in this research study. It was important for the sample to be representative of the total population. Accordingly, the entire 813 organisations that constituted the study population initially constituted the sample. However, the researcher

was unable to reach all these organisations. Even though all these organisations had an equal chance of being surveyed when an email was sent to all, only 637 were able to receive the email. Some organisations failed to receive the email because either their email accounts were inactive, the organisations no longer existed, organisations did not update their current email address on Prodder, or they had merged into other organisations without updating the information on Prodder. Thus, the sample for the research was narrowed to 637.

3.3.2 Data collection

3.3.2.1 Data collection tool

Data was collected through a self-generated questionnaire (see Appendix A: Research questionnaire). Questionnaire surveys are advantageous as they make it possible to collect data from a huge number of respondents in a short period of time and with limited cost (Babbie & Mouton, 2001). The researcher developed the questionnaire that would collect a specific set of data for the purposes of this research. The questionnaire developed by the researcher was not a standardised measurement instrument. This is because there was no existing data collection tool available that would collect specific information required for this research. Therefore, the researcher developed the questionnaire based on the literature review and small-scale studies. This meant its validity and reliability were not scientifically tested. However, based on the execution of the questionnaire it can be said that within the 637 respondents the questionnaire produced constant responses.

3.3.2.1.1 The questionnaire

The questionnaire consisted of the following categories:

Section A: This section provided information about the organisations that informed the researcher about the research population and services that these organisations provided.

Section B: This section included questions that explored some of the organisation directors' perceptions of the impact of the economic recession on the finances/operations of the organisations. It specifically explored the organisations' sources of funding, the status of these sources during the economic recession and the strategies employed to curb the negative impact of the economic recession.

Section C: This section provided information about the impact of the economic recession on the organisations' service beneficiaries and on the services provided by the organisation.

Section D: This section investigated the impact of the economic recession on the organisations' personnel.

Section E: Section E explored some of the moneymaking strategies employed by organisations to curb the impact of the economic recession on the organisations.

Section F: This section looked at some of the unexpected positive opportunities that emerged from the organisations as a result of the economic recession.

Section G: Section G investigated the perceptions of the organisations' directors about the future especially in regards to the economic recession and the sustainability of their organisations.

3.3.2.2 Survey tool

SurveyGizmo, an electronic/online survey, was used to collect data for this study. SurveyGizmo is an online survey tool that can be used by researchers and marketers and is designed to suit their needs. SurveyGizmo is known worldwide and has customers in 64 countries, facilitating surveys in 129 countries. The customers of SurveyGizmo range from various sectors of society, including major universities, numerous hospitals, Apple, Global Alert, American Home Shield, Reed Business Information, American Cancer Society, and Disney. For more information look at the website:

(<http://www.surveygizmo.com/company/about/>)

In addition to being reliable and credible worldwide, SurveyGizmo provides free student accounts. This was crucial for the researcher because of the large number of organisations that had to be surveyed in different parts of the country. Furthermore, SurveyGizmo has many flexible features that could be adapted to the needs of the researcher. It offered advanced designing features, like question skips and filters, randomization of answers, control of answer validity and inclusion of multimedia elements and other things (Fielding et al, 2008).

3.3.2.3 Survey process

After the questionnaire was designed, it was piloted with a director of an organisation. During this stage, various issues were discussed regarding the clarity of the questionnaire. After this, the questionnaire was edited and then was developed in SurveyGizmo using its features. Then the process of completing and submitting the electronic survey was piloted with two of the researcher's friends who had access to the internet. Further refinements, such as additions and subtractions, were made in response to their recommendations. The email addresses of the organisations which constituted the population sample were saved in Excel and imported into SurveyGizmo. Finally, an email containing the link of the questionnaire was sent to the email addresses of the organisations.

3.3.2.4 Issues regarding electronic surveying

In recent years, the internet has become more accessible and affordable worldwide. This has led to the use of electronic methods for carrying out research. There are various advantages of using web based surveys. Web based surveys enable researchers to reach a large number of respondents in different parts of the world (Greenlaw et al, 2009 and Fielding et al, 2008). The responses received from participants can immediately be stored in a computer database, ready for further processing. This reduces time, costs and errors arising from the transcription of paper questionnaires (Greenlaw et al, 2009 and Fielding et al, 2008). The element of self-administration in web surveys is also beneficial for both the researcher and the respondents. This is because respondents can complete the questionnaire at the time, place and pace of their own preference with an increased sense of privacy (Fielding et al, 2008).

Online questionnaires not only saves time and money but they also ensure that data processing is automated, reducing human error in data entry and coding in the analysis phase (Madge, 2006). Online questionnaires can be useful in providing direct access to research populations without the need of any 'cultural gatekeepers' who might restrict access to such groups (Ibid). The anonymity provided by online questionnaires can also be helpful for some topics. Respondents are more likely to answer socially threatening questions in an online questionnaire rather than in onsite surveys or telephone interviews, where the presence of an interviewer or privacy issues may affect reliability (Ibid). Furthermore, Boyer et al (2001) stated that electronic surveys enable researchers to include pictures, special formatting, audio and video links. This helps researchers to make questionnaire more appealing to respondents.

The simplicity of its usage, the time and cost saving benefits and the ability to access large number of respondents were all reasons for employing a web-based survey for this particular study.

Even though web-based surveys have the aforementioned advantages, there are various concerns regarding this method. Response rates for web-based surveys are far lower than other methods (Scriven & Ferrier, 2003). Researchers have indicated various factors that need to be considered to maximise response rates. According to Sheehan (2001), researchers need to take into account the survey length, respondent contacts, the salience of the issue, design issues and compensation when deciding whether to use electronic surveys.

Sheehan (2001) and PeoplePulse (2011) claim that as the length of the survey increases, response rates decrease and vice versa. In light of this, the researcher tried to shorten the length of the survey for this particular study. However, because of the nature of the study the researcher was limited by how much she was able to shorten it. The researcher was aware of the constraints of sending the survey out in November 2010 which was close to the end of the year when organisations were busy with auditing and similar time consuming things as well as being aware of how busy organisations' directors. The researcher anticipated lower response rates as a result of these factors. To prevent this, the researcher intentionally selected a large sample size. Furthermore, PeoplePulse (2011) presented a case study by IBM that assessed business to business web-based surveys conducted by IBM between 2000 and 2001. The findings included that sending surveys during midweek and mid-afternoon improved response rate.

Kaplowitz (2004) and PeoplePulse (2011) indicate that a reminder mail notification has a positive impact on response rates for web-based surveys in comparison to potential respondents only receiving an email containing a link to the web survey. Due to time constraints, the researcher could not first send an invitation to participate in addition to an email with the link. This may have impacted the overall response rate. IBM found that sending one mail reminder after the survey was sent resulted in 15% more responses. Considering this, the researcher sent mail reminders as a follow up to the email with survey link. Although this improved the response on the next few days, it was not a significant improvement. Allowing respondents to answer open-ended questions was found to encourage participants to answer the questions (PeoplePulse 2011). Therefore, the researcher included

the option 'other' and provided a space for respondents to answer in their own words. In addition, this study provided an opportunity for respondents to give their comment and feedback about the survey at its end.

Sheehan (2001) indicated that the salience of the survey's topic for potential respondents influenced response rates. This is due to the potential respondents' perceived benefits of the survey results. Furthermore, the researcher assured the respondents that the results from this study would help government plan good policies for NGOs during such crisis if they would be kind enough to listen to the issues of NGOs.

Design issues contribute to the level of response to online surveys (Sheehan, 2001). Accordingly, the researcher tried to make the appearance of the survey appealing to respondent organisations. Sheehan (2001) indicates that if respondents are aware of compensation for completing the survey, the response rate increases. This usually requires a researcher to provide an incentive for the respondent organisations to respond. Although the researcher did not provide compensation for the completion of this survey, the researcher assured the respondent organisations that they would receive a summary of the research report after the report is approved for publication.

Solomon (2001) further identified several factors that could increase response rates including personalized email cover letters, follow-up reminders, pre-notification of the intent to survey and simpler formats.

Some factors stated by Watson & Anderson (2005) that could lead to low response rates include a low level of computer literacy and the accessibility of the internet for respondents. In this study, the particular population was selected because all those included had email addresses, which meant that they had access to the internet. This reduces the possibility of internet inaccessibility being a limiting factor for the completion of the survey. This particular online survey did not allow the respondents to complete the survey in different session, nor did it include the function to save responses in the event of an unexpected computer problem caused by external factors, such as a power failure. These issues were not explored however, it these could be some of the factors that led to lower response rate.

3.3.3 Data recording and analysis

The data from the electronic questionnaire was exported automatically into a Microsoft Excel spreadsheet. The formatting and appearance of the data exported into in Excel was unsuitable for the purpose of analysis and the researcher therefore converted text answers to numerical data where possible and separated multiple choice answers into multiple cells in cases where data had been automatically exported into single cells. It was essential to create a usable database for analysis. Once all the data had been captured into the spreadsheet database, it was analysed using Microsoft Excel. Descriptive statistics were obtained using techniques such as frequency distributions, cross tabulations, measures of central tendency, and measures of dispersion.

3.3.4 Reflexivity and limitations of the study

Reflexivity refers to the researcher's self-reflection, including how the researcher's values, experiences, interests, beliefs, political commitments, wider aims in life and social identities contributed to the conception, enactment and interpretation of the research. Reflexivity may also refer to reflection on how the research methodology and tools of data collection could limit or define the research (De Vos et al, 2005).

Given that this research was quantitative, there was less room for the influence of the researcher's subjective opinion or bias. However, these were some limitations and influences of the research in relation to the chosen research methodology.

This was a quantitative descriptive exploratory study. Such a design intended to draw a picture of what happened during the economic recession and to explore how this impacted on the functioning of NGOs in terms of their finances, service delivery and personnel. The intention was for this information to increase understanding as to how the economic recession affected South African NGOs. However, the limitation of using a quantitative rather than qualitative approach is that the data is not as rich as data gathered through qualitative research design.

The data collection instrument for this research was a self-administered questionnaire. The format of questionnaire design makes it difficult for the researcher to examine complex issues and opinions. The depth of answers that respondents could provide were limited. This made it difficult for the researcher to gather information that was rich in depth and detail. However,

questionnaires are also important because the method enabled the researcher to contact a large number of people quickly, easily and efficiently. Questionnaires are relatively quick and easy to create, code and interpret, especially if only closed questions are used.

As stated previously the data collection approach for this research was an online survey. Some of the limitations of the online survey include a low response rate, non-response bias, lengthy responses and a drop-out. Some issues regarding non-response are that invited survey participants can refuse participation altogether, terminate participation and process or answer questions selectively (Fielding et al, 2008). Fielding et al. further stated that response rates in web-based surveys are generally low and vary from less than one percent for enterprise surveys with email invitations, to almost hundred percent in specific membership surveys (Ibid).

Some of the limitations of the study are that the study only concentrated on organisations that operated in the Social Services, Health, Education sectors in South Africa. This research would have been more valuable if it had included perceptions of funders, service beneficiaries and personnel of organisations to get more realistic and comprehensive data regarding the impact of the economic recession on organisations. Only surveying NGOs who were working within the three sectors is a limitation. In addition to this, the researcher could have included other means of collecting data, like document analysis, to get realistic and empirical data regarding the effect of the economic recession, rather than exploring the perceptions of the directors regarding the impact on their organisation. However, considering that the issues surrounding the non-profit sector and the economic recession are extremely broad, it would have been impossible to include all that information within the limited scope of this study. Therefore, the researcher limited the methodology and scope to the one detailed above for the purposes of this research study. However, these are some of the gaps that could be addressed in further studies in the same area.

3.3.5 Ethics

“Ethics is a set of moral principles which is suggested by an individual or group, is subsequently widely accepted, and which offers rules and behavioural expectations about the most correct conduct towards experimental subjects and respondents, employers, sponsors, other researchers, assistants and students,” (De Vos et al, 2005:57). When conducting any research study, a number of ethical considerations need to be taken into account.

The contents of the questionnaire for this study did not address any topics that may be considered sensitive because it explored issues around the organisation and not about the personal details of the respondents. Nevertheless, the organisations' directors were informed about the purpose of the research via a cover letter. This included details about the intended use of the research results: towards a dissertation submitted for a Masters in Social Science, as well as possibly towards a journal article.

The organisations were invited to participate in the research and all of them participated willingly. It was explained to the organisations that the details of their organisation, and/or the name or details of the respondent to the questionnaire would not be disclosed. The researcher also assured the organisations that data received from the respondents would be kept anonymous with a password-protected account on 'SurveyGizmo'. Furthermore, the researcher told the organisations that once the dissertation report has been evaluated, it would be forwarded to all the participants who completed the questionnaire in the form of a research report. Findings were compiled as accurately and as objectively as possible. It is the researcher's belief that the research report is clear and unambiguous.

3.3.6 Conclusion

This chapter included details on selecting the research population, the sampling technique, surveying process, data recording and analysis and limitations of the study. The next chapter presents the main findings of the research, which are presented in figures and tables. The order of the chapter follows the structure of the questionnaire.

CHAPTER 4: RESULTS AND DISCUSSIONS

4.1 INTRODUCTION

This chapter starts with presenting brief profiles of the respondent organisations and then presents and analyses the results of the sources of funding for respondent organisations and the status of these sources during the economic recession. Furthermore, the chapter looks at the impact of the economic recession on the finances, service delivery and personnel of organisations. This chapter presents some of the strategies respondent organisations indicated they used during the economic recession to curb the impact of the economic recession. Some of the positive opportunities, as well as factors threatening organisational sustainability as a result of the economic crisis, are also presented.

4.2 PROFILES OF RESPONDENTS

The data was collected through a self-generated questionnaire. The questionnaire was sent to 637 active email addresses of organisations found in the Prodder Directory using the electronic software called SurveyGizmo. Out of these, 61 organisations submitted a complete questionnaire making it a response rate of 9.5%. This response rate appears low. Nevertheless, it coincides with the results of Sheehan (2001), PeoplePulse (2011), Scriven & Ferrier (2003) and others who indicated the use do electronic surveys and low response rate.

4.2.1 Organisational description

Information on the date of establishment, staffing and the title of respondents is reflected in Table 1.

4.2.1.1 Period of time respondent organisations existed

The empty spaces in the table indicate queries to which respondent organisations did not respond. According to Table 1, the years in which respondent organisations established ranged from 1918-2009. This makes the oldest respondent organisation 93 years old and the youngest respondent organisation 1 year old. South African NPOs on average have existed for 19 years, with the oldest NGOs operating within faith-based institutions (38 years), followed by those in the health sector (31 years), social service sector (23 years) and education and research (8 years) (Swilling & Russell 2000:22).

Table 1: The existence and staff composition of respondent organisations

Established Year	Job title	Number of years	Staff numbers		
			Permanent	Contract	Volunteers
1918	Director Social Work	1	105	10	930
1920	Deputy Director	2	9		
1936	Director	20	4		4
1947	Admin and Finance Manager	3	35	11	1
1949	Director	13	48	0	40
1953	Director	11	32	10	7
1963	Administrator	4	40	2	15
1967	Administrator	2	1		
	National Director	6	189	3	70
1979	CEO	2	53	2	300
1982	Director	5	13	0	0
		6	41		2
	General Manager	15	152	3	350
1983	CEO	8		13	500
1985	Deputy Director	4	18	50	0
	Finance Manager	2	37	0	60
	Office Administrator	2	15	3	
	Regional Director	2	1		5
1986	Administrator	3	27	1	3
	Director	2	11	2	3
	Skills Development Manager	2	5		
1988	Director	21	21	2	11
1989	Chairperson	22	5	0	29
1991	CEO	17	2	2	2
1992	Fundraising Coordinator	10	86		12
	Project Manager	3	13	0	48
1993	Director	18	16		31
1994	CEO	4	45	2	8
	General Manager	16	2	30	0
	Head of Centre	16	15	6	3
1995	CEO	16	8		4
1997	CEO	11	10	18	166
1998	Chairman	10	1	0	5
1999	CEO	11	4	0	10
2000	CEO	4	65	0	0
	Chairman	10	0	55	10
	Communications Manager	2	8	1	250
2001	CEO	10	2	20	
	Founder & Director	9	7	0	30
2002	CEO	5	72		37
	Director	5	9	7	8
	Founder	10	2		8
	Founder, Board member	8	1	39	10
2003	Administrative Assistant	5	41	2	0
2004	Director	3	15		2

Table continued...

Established Year	Job title	Number of years worked	Staff numbers		
			Permanent	Contract	Volunteers
2005	Chairman	5	4	2	100
	Coordinator/Director	0	3	4	0
	Director	6	9	10	
	Projects Director	6	7	1	0
2006	CEO	6	8		45
	Coordinator	1	1		50
	Monitoring and Evaluation Officer	2	18	0	22
	Treasurer	5	0	0	17
2007	CEO	16	3	3	4
		3	3	2	7
	Head of Communications	3	6	4	50
	National Coordinator	2	2		20,000
2008	Executive Manager	2	5		5
2009	Chairperson	2	6	4	10
	Director	2	2		3
	Sustainable Development Manager	1		770	
Totals		423	1,363	1,094	23,287
Averages		7	23	18	382
Lows		0	0	0	0
Highs		22	189	770	20,000

By point of comparison to the respondent organisations, the oldest NGOs in South Africa is the Johannesburg Children's home established in 1892, which meant it was 118 years at the time this survey was done. Other long-established NGOs include Child Welfare Cape Town, established in 1908, which meant it was 102 years at the time of the survey, and Cape Mental Health Society established in 1913, it was 98 years at the time of the survey. All these are older than the respondent organisations in this research.

4.2.1.2 Staff composition

According to Table 1, eight respondent organisations were highly dependent on volunteers as the staff composition consisted mostly of volunteers. Excluding the volunteer base, the staff composition of these organisations ranged from 1-770 staff members. The average number of permanent staff was 23, the average number of contract staff was 18, and the average number

of volunteers for these respondent organisations was 382. According to Table 1, the total number of permanent staff (1,363) and contract staff (1094). In total there were 2,457 staff members, excluding volunteers. The total number of staff members including volunteers numbered 25,744 staff members. This is the total number of staff members from sixty one respondent organisations.

4.2.1.3 Length of service and position of respondents within the organisation

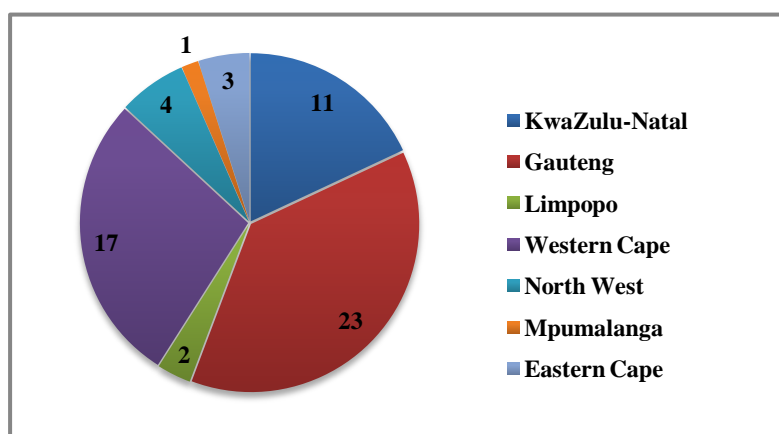
In almost all cases, the questionnaire was completed by a person in the senior management of the organisation. For example, as presented in Table 1, the majority of the respondents were Directors (13). This was followed by (12) CEOs, Chairpersons (5), and Administrators (4). The fact that the majority of the responses were given by members of senior management means that someone who is familiar with the organisation provided information about the impact of the economic recession on the organisations. One can deduce that the results of the research are more appropriate and reliable than if a lower level of management had responded. The respondents' years of experience within the different organisations ranged from 1-22 years. Respondents on average had worked for 7 years within their organisations.

4.2.1.4 Location of respondent organisations within South Africa

The locations of the respondent organisations for this research varied, including organisations from all of the provinces in South Africa. To get a contextual information of the respondent organisations they were asked to indicate the province in which they operated. This is reflected in Graph 1 below.

There are nine provinces in South Africa. Twenty-three (38%) of the respondent organisations indicated they were located in Gauteng and 17 (28%) indicated they were located in the Western Cape. The third highest percentage (11 organisations, or 18%) were based in KwaZulu-Natal. Four organisations (6%) resided in North West province, followed by 3 (5%) in the Eastern Cape. Two organisations (3%) were based in Limpopo, and 1 (2%) in Mpumalanga.

Graph 1: Location/Province of respondent organisations



4.2.1.5 Sectors in which organisations operated

Respondent organisations were given options to choose from to identify their organisations as being part of three sectors (social services, health and education). Respondent organisations had the option of selecting more than one sector, because some worked in more than one sector. Table 2 shows the sectors in which organisations operated.

Table 2: Sectors in which organisations worked

Sector	Number of Organisations	%
social service	24	39
health	9	15
(formal) education and research (Education)	14	23
social service and education	3	5
social service and health	8	13
social service and health and education	3	5

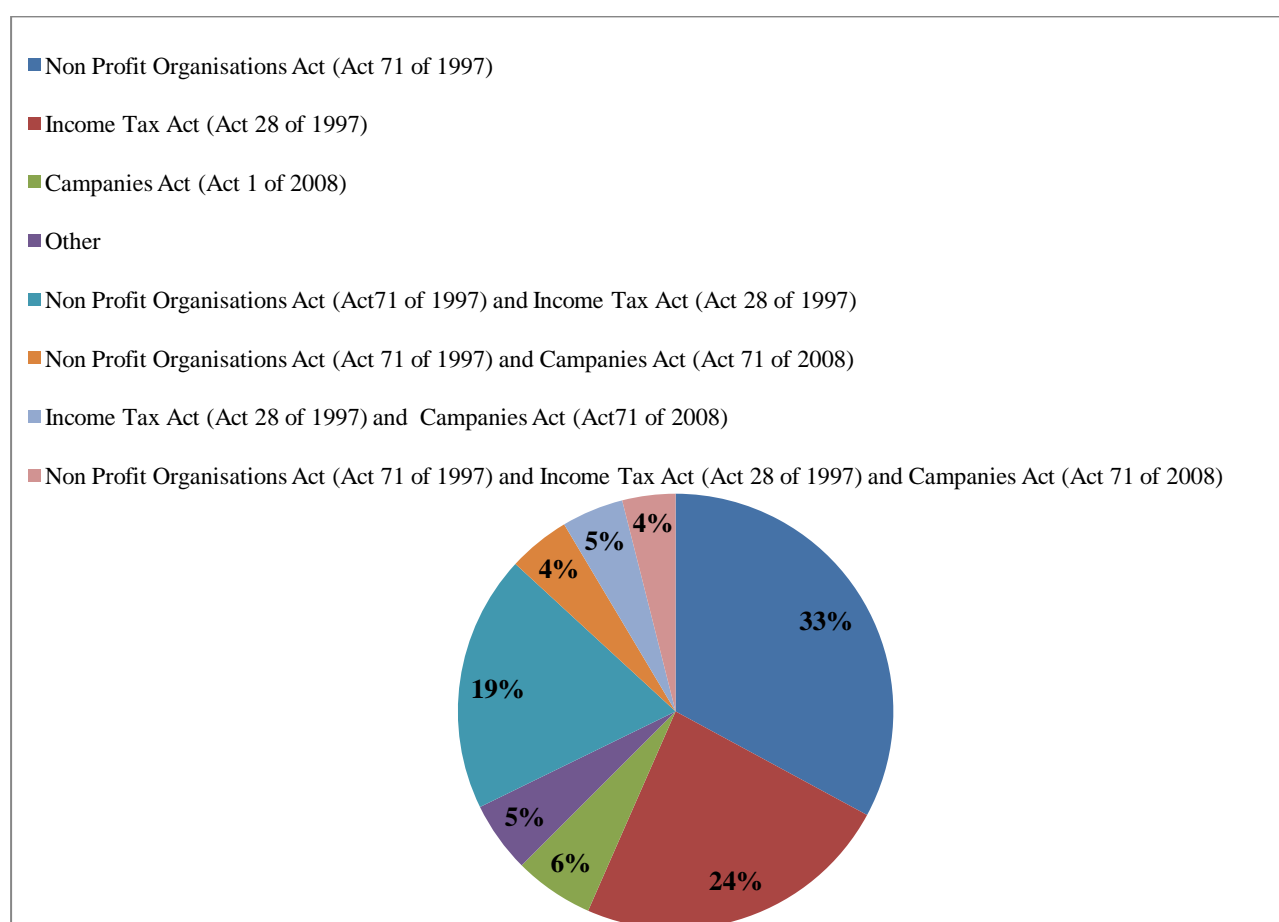
According to Table 2, twenty-four (39%) of the respondent organisations identified themselves as working in the social services sector. The second highest number of organisations (14, or 23%) worked in the education sector. Nine (15%) of the organisations worked in the health sector, followed by eight (13%) respondent organisations working in both the social service and health sectors. Organisations who worked in the social service sector and education sector numbered three (5%), while those operating in all three sectors numbered three as well (5%). This meant that the data was more influenced by the

perceptions of the directors of the respondent organisations working in the social service sector than by respondent organisations working in the education and health sectors.

4.2.1.6 Legislation under which respondent organisations are registered

NGOs in South Africa register with different statutes. Graph 2 reflects the relevant legislation in which respondent organisations operated.

Graph 2: Legislation in which respondent organisations were registered



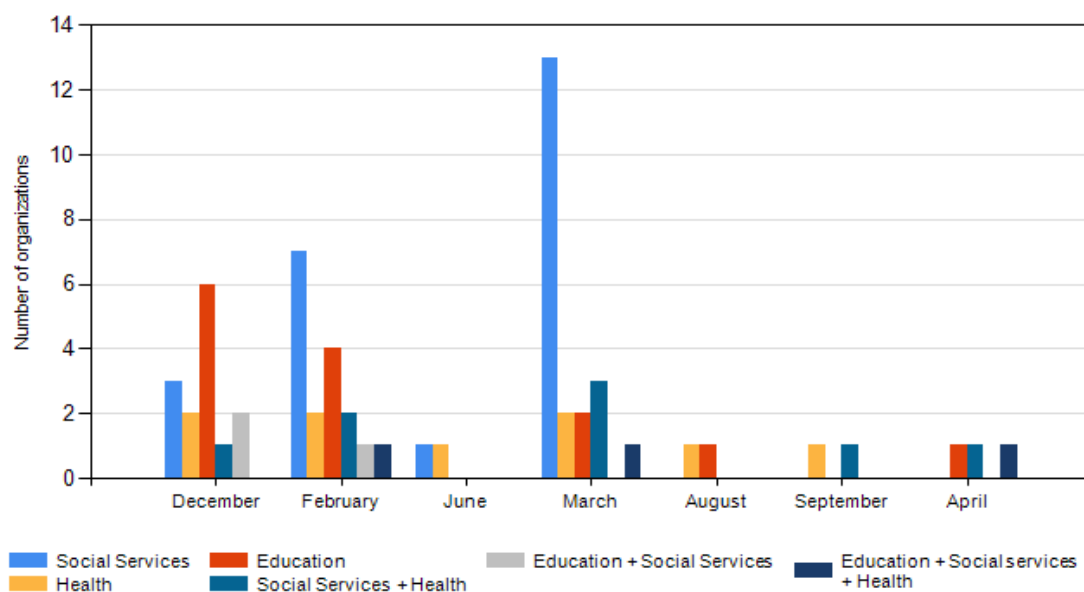
According to Graph 2, fifty respondent organisations, (33%), were registered in terms of the Non Profit Organisations Act (Act 71 of 1997), while 36 (24%) of the respondent organisations were registered in terms of the Income Tax Act (Act 28 of 1997). Furthermore, 29 (19%) were registered in terms of the Non Profit Organisations Act (Act 71 of 1997) and Income Tax Act (Act 28 of 1997). Nine (6%) organisations were registered in terms of the Companies Act (Act 71 of 2008). The rest of the organisations, (eight, or 5%) registered in terms of 'other' legislation, which included 18A status, Section 21 Company, Voluntary organisation and Companies Act 61 of 1973. Organisations were mistaken considering 18 A

and Section 21 company, because such legislations fall under the Companies Act (Act 71 of 2008). Furthermore, seven (5%) organisations were registered in terms of both the Income Tax Act (Act 28 of 1997) and Companies Act (Act 71 of 2008). Respondent organisations who registered in terms of the Non Profit Organisations Act (Act 28 of 1997) and Companies Act (Act 71 of 2008) numbered seven (4%) and organisations who were registered in terms of the three main Acts namely, Non Profit Organisations Act (Act 71 of 1997), Income Tax Act (Act 28 of 1997) and Companies Act (Act 71 of 2008) numbered six (4%). The results show that South African NGOs have the flexibility to register with different legislation. The Constitution of South Africa No. 108 of 1996 supports this, which states in Chapter Two that every individual has the right to freedom of association (Constitution of South Africa: chapter 2, Section 18).

4.2.1.7 Financial Year End (FYE) of respondent organisations

Organisations were asked to indicate their Financial Year End (FYE). Graph 3 shows the details for this.

Graph 3: Financial Year End of respondent organisations



According to Graph 3, (13) respondent organisations from the social service sector indicated March as their financial year end. Three organisations working under the social service and health sector also indicated March as their FYE. Only one organisation working under the three sectors indicated March as its FYE. The second highest number of organisations (7) working in the social service sector indicated February as their FYE. Four organisations

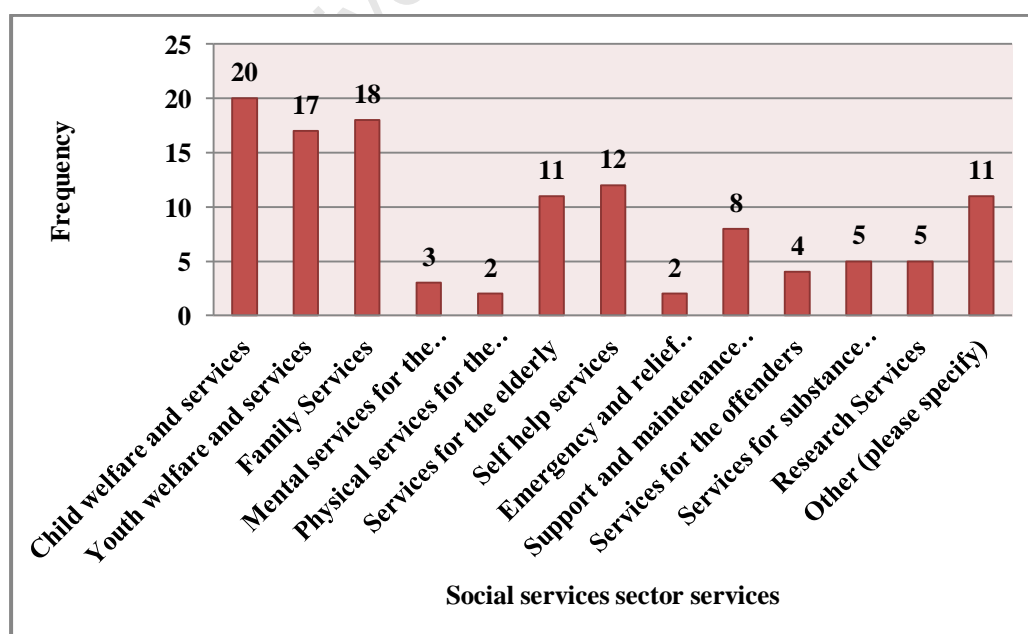
working in the education sector, two organisations working in the health sector and two organisations working in the social services and health sectors also indicated February as their FYE. One organisation working in the education and social services sector, one organisations working in the education and social services and health sectors indicated February as their FYE. Six organisations working in the education sector reported December as their FYE, along with, three organisations working in the social service sector, two organisations working in the health sector, two organisations working in the education and social service sector and one organisation working in the social service and health and education sector.

4.2.1.8 Types of services offered by organisations

Graph 4 shows the range of services offered by NGOs working in the social service sector.

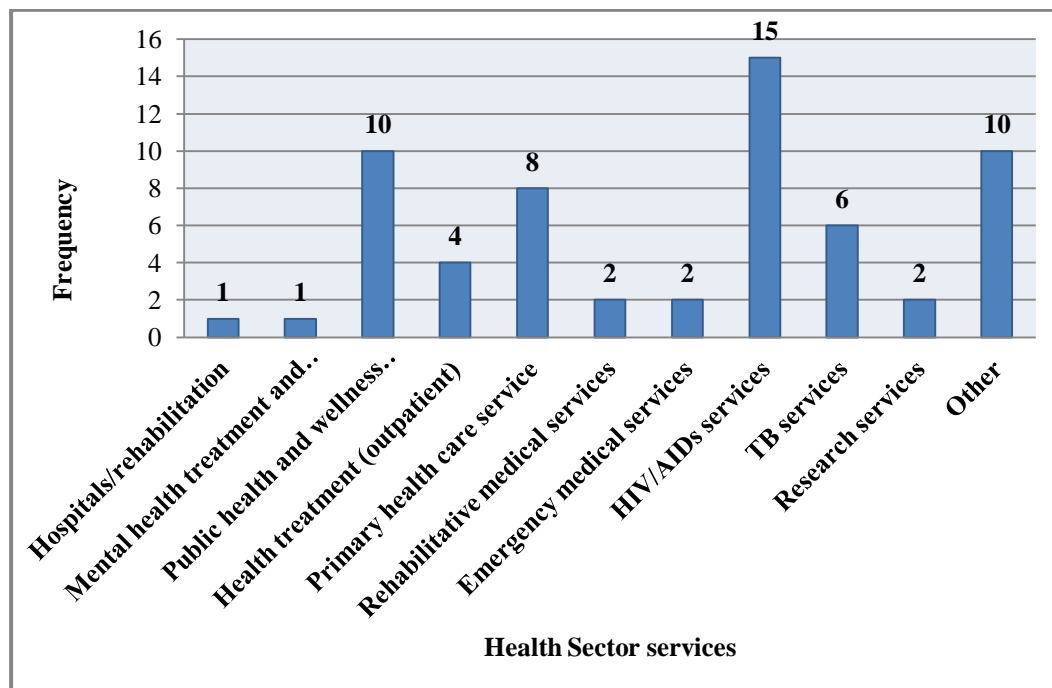
Thirty-eight respondent organisations indicated that they provided services in the social service sector. Out of these, the majority of the organisations (20, or 53%) indicated that they provided child welfare services. Eighteen organisations (47%) indicated that they provided family services. Seventeen organisations (46%) identified that they provided youth welfare services. Furthermore, 12 (20%) respondent organisations stated that they provided self help services. Two organisations (5%) indicated they offered physical services for the handicapped and two organisations (5%) offered emergency and relief services.

Graph 4: Social service sector services provided by respondent organisations



The researcher requested that those who indicated that they operated in the health sector provide details as to the types of services they offered. Graph 5 depicts the results.

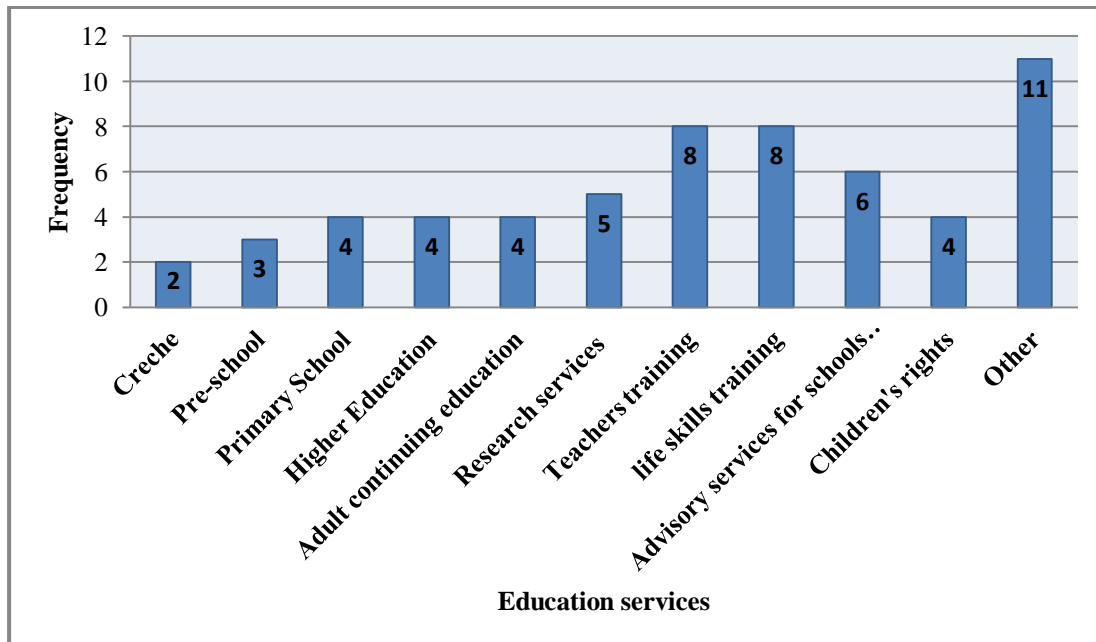
Graph 5: Health sector services provided by respondent organisations



The National Healthcare Act (Act 61 of 2003) clearly distinguishes several types of services provided within the health sector and these were included in the questionnaire. Twenty organisations indicated they provided health services. According to Graph 5, most of these 20 organisations, (15, or 75%) provided services related to HIV/AIDS. Furthermore, 10 (50%) organisations provided public health and wellness and 10 (50%) provided ‘other’ services such as, parent to parent support, palliative care, prevention and early intervention, monthly food parcels, education access for child headed household, counselling, information and support groups, patient advocacy and awareness about gender based violence. Eight organisations (40%) provided primary healthcare services. Six (30%) organisations provided services related to TB care. One organisation (5%) provided hospital/rehabilitation services and one (5%) provided mental health and crisis intervention services. Two (10%) organisations provided rehabilitative medical services, and emergency medical and research services.

Graph 6 shows the services provided by respondent organisations in the education sector.

Graph 6: Education sector services provided by respondent organisations



Twenty organisations reported that they worked in the education sector. According to Graph 6, eleven of these 20 organisations (55%) provided 'other' education services that were not included in the list by the researcher. These included music and dance lessons, drug abuse prevention, assisting the South African Police Service (SAPS) and advisory services for schools and government. Eight organisations (40%) provided teachers training and eight (40%) provided life skills training. Furthermore, six (30%) organisations provided advisory services for schools and government. Lastly, five (8%) respondent organisations provided research services. Crèche services were provided by two organisations.

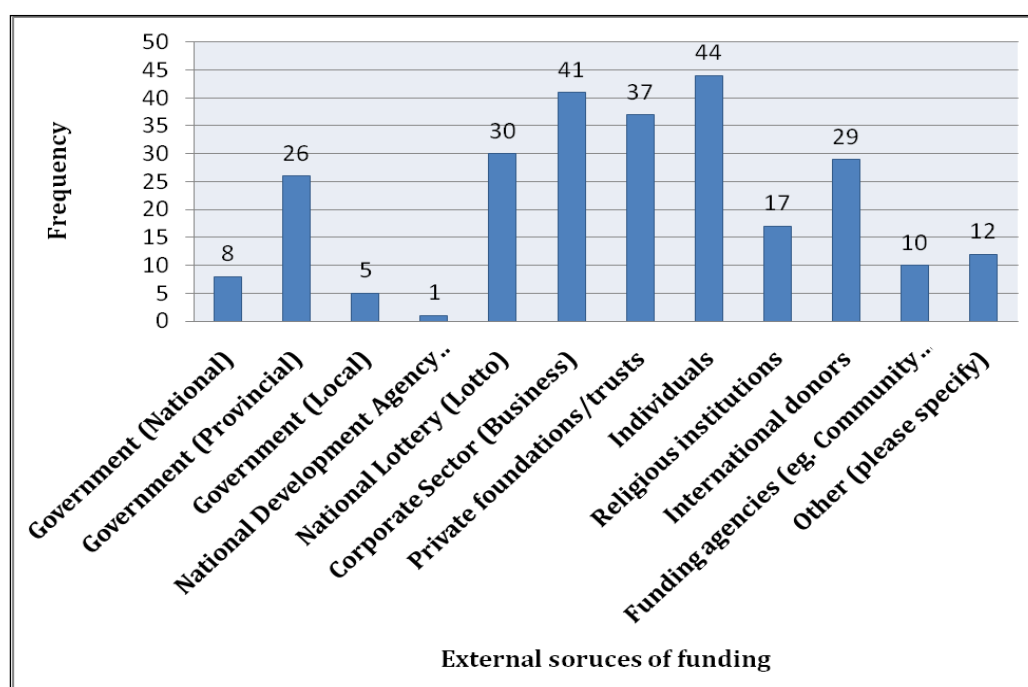
4.3 THE ECONOMIC RECESSION AND ITS IMPACT ON ORGANISATIONS

This sections looks at the impact of the economic recession on some of South Africa's NGOs. It follows the topics addressed in the literature review.

4.3.1 External and Internal sources of funding during the economic recession

Section B of the questionnaire investigated the different external and internal categories of sources of funding that NGOs received. It further assessed the status of funds received from these sources of funding during the economic recession. External source of funding are sources that organisations receive from outside their organisation including from donors and governments. Internal sources signify those funds received from within the organisation. Graph 7 shows the external sources of funding for respondent organisations.

Graph 7: Respondent Organisations' External sources of funding



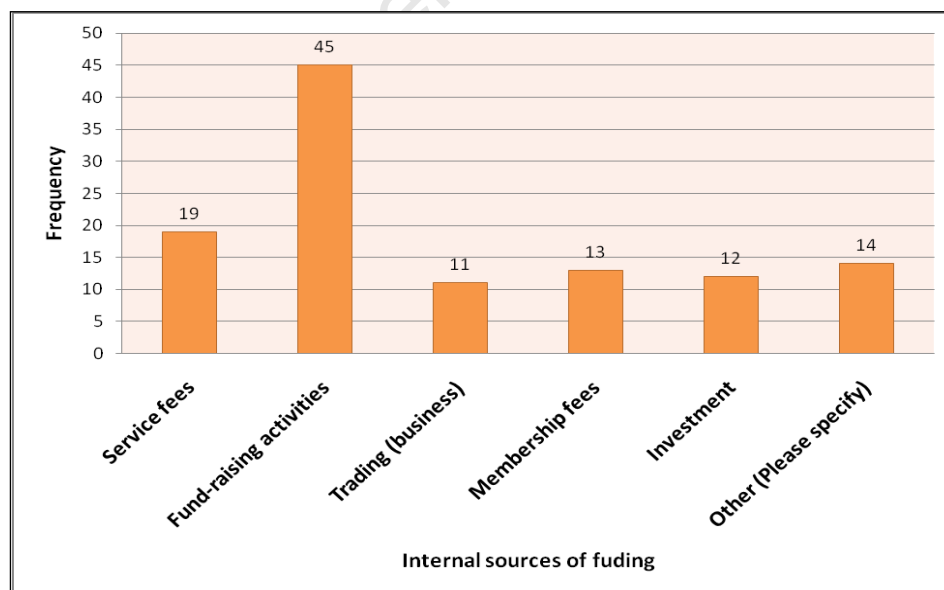
According to Graph 7, forty-four respondent organisations (72%) received funds from individuals. Forty-one (67%), stated that they received funds from the corporate sector and 37 (61%) organisations indicated that they received funding from private foundations. Thirty (49%) organisations identified the National Lottery as their source of funding, followed by International donors, which 29 (48%) organisations identified. It is obvious from the results that South African NGOs depend highly on foreign sources of funding.

Twenty-six respondent organisations (43%) indicated that they receive funding from provincial government. Eight (13%) respondent organisations identified the national government as their source of funding and five (8%) respondent organisations indicated local government as their source of funding. A significant number of organisations (68) indicated

provincial government as their source of funding (Kilbey, 2010:100). Surprisingly, only one (2%) respondent reported the National Development Agency as a source of funding. This is surprising considering the fact that the NDA was primarily established to grant funds to organisations that carry out projects for the poor. Based on this finding, one can state that the NDA did not deliver its services successfully. This finding is similar to Adam's (2006) results, which indicated that only two out of 20 (10%) organisations indicated they received funding from the NDA. In addition to this, the results from Kilbey (2010) also indicated that a low number of organisations 6 organisations indicated they received funding from the NDA. The reason for this low number of organisations getting funding from the NDA could be due to the fact that, as Smit (2005:357) depicted, almost 60% of respondents felt that the NDA's funding criteria were unclear. Furthermore, the same research report conveyed that over 40% of the respondents were unhappy with the NDA's governance. This is quite worrying especially in times of economic turmoil. The results demonstrate that the provincial government played a significant role in the financial sustainability of NGOs in South Africa.

Apart from the external sources of funding organisations, are also involved in raising their own funds internally. To get more information on some of these strategies, respondent organisations were asked to identify some of the internal sources of funding. The findings are represented in Graph 8.

Graph 8: Internal sources of funding



Graph 8, shows that 45 (74%) organisations identified fundraising activities as their source of generating funds. Nineteen organisations (31%) identified service fees as their internal source of funds. Fourteen (23%) organisations indicated they received funding from 'other' internal sources including from proposal writing, rental of office space, training fees, charity shops, accommodation, and land rentals. Furthermore, 13 (21%) organisations indicated membership fees as their internal source of funding, followed by 12 (20%) organisations that indicated investments as their source. Finally, 11 (18%) respondent organisations identified trading (business) as their internal source of funding.

These results show that South African NGOs are on average actively engaged in raising their own funds. However, the fact that only a few chose trading as their sources of funding indicates that South African NGOs are not vigorous enough in utilising different business models available to them. Based on these results, one can suggest that South African NGOs need to be more vigorous in fine-tuning their fundraising activities given the number of organisations that identified fundraising activities as their primary source of internal funding. This means that organisations need to have a strong basis for fundraising. There are some studies that indicate fundraising in South Africa as not being strong and optimally utilised. For example, in Kilbey' (2010) study, 57% of the respondents indicated that insufficient fundraising staff was a major difficulty, 28% of organisations perceived it a moderate difficulty, 7% reported that it was not a difficulty and 8% indicated that it was a minor difficulty. Furthermore, Smit (2005:355) found that only 28% of respondent organisations had fundraising strategies. On the other hand Adams (2006:58) found that a large number of organisations had a written a functional fundraising strategy, however only 10 % of the organisations were able to supply a copy of this document. Lotvonen (2005) indicated that a larger number of organisations (75%) indicated that they had fundraising strategies, and less than 27 % indicated they did not have fundraising problems.

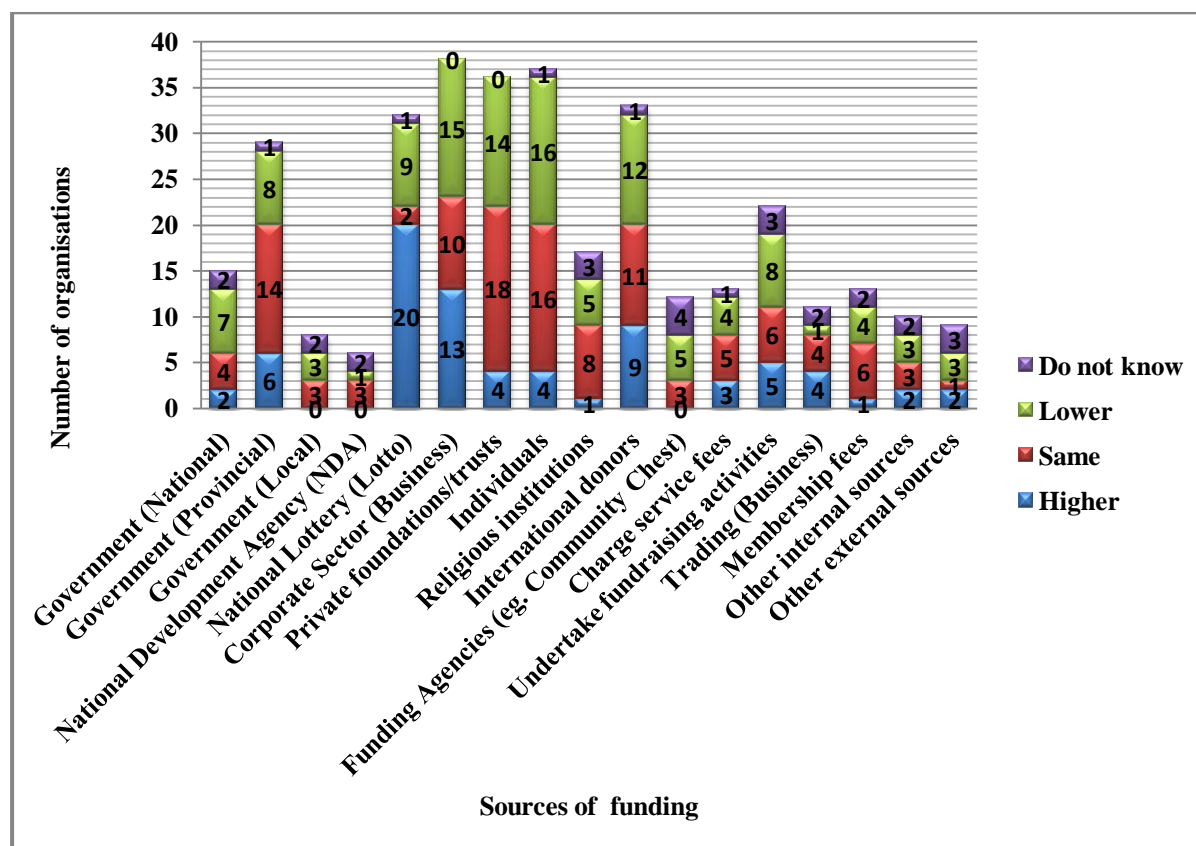
The following investigates the status of funds received during the economic recession.

4.3.2 Economic recession and the status of the sources of funding

Respondent organisations were asked to indicate the status of the external and internal sources of funding during the economic recession. The options were to indicate whether the

funds received from each source of funding was higher, the same, lower or unknown during the economic recession. Graph 9 below shows the answers for this question.

Graph 9: Status of sources of funding during the economic recession



According to Graph 9 sixteen (43%) organisations stated that the funds they received from individuals were lower during the economic recession, while the same number of organisations stated that the funds remained the same and four (11%) stated that funding was higher. One (1%) did not know what the status of the funding was. Furthermore, 15 (40%) organisation stated that the funds received from the corporate sector was lower during the economic recession while 13 (34%) stated the funds had increased and 10 (26%) reported that the funding amount remained the same. Fourteen organisations (39%) stated that the funds received from private foundations were lower, while 18 (30%) said the funds were the same. Four (7%) said it was higher. These results follow a similar pattern to the study done by Alliance for Non Profit Excellence (2009) and Hanfstaengl (2010), who found that organisations lost funding from almost all major categories of funding sources during the economic recession. Furthermore, the United Nations worldwide survey also portrayed

similar results where respondents reported reductions from individual contributions, private foundations, international institutions and governments. Out of the 640 CSOs surveyed, 582 conveyed a decrease in the different categories of funding. Out of the 582 respondent organisations, 147 said there was a decline in direct personal contributions, 104 reductions by private foundations, 95 by international institutions, 87 by government and 71 by corporations (Hanfstaengl, 2010:24).

Out of 15 organisations who indicated they received funding from national government, seven (47%) indicated that the funds they received were lower during the economic recession. The status of the funds received from the provincial government remained the same during the economic recession. This is also similar to the studies by the Alliance for Non Profit Excellence (2009) and Hasfstaengl (2010), who found that organisations got less from almost all major categories of funding sources during the economic recession.

Graph 9 also shows a significant result, which is 20 (63%) out of 32 organisations stated that the funds they received from the National Lottery was higher. This could be as a result of the South African government's effort to curb the effect of the economic recession and the reduced funds available. However, not all NGOs receive funding from the National Lottery. Some of the respondent organisations indicated that they received a huge once-off boost of income from the National lottery during the economic recession. However, they highlighted that this boost in income did not bring a sustainable effect on their financial sustainability of their organisation.

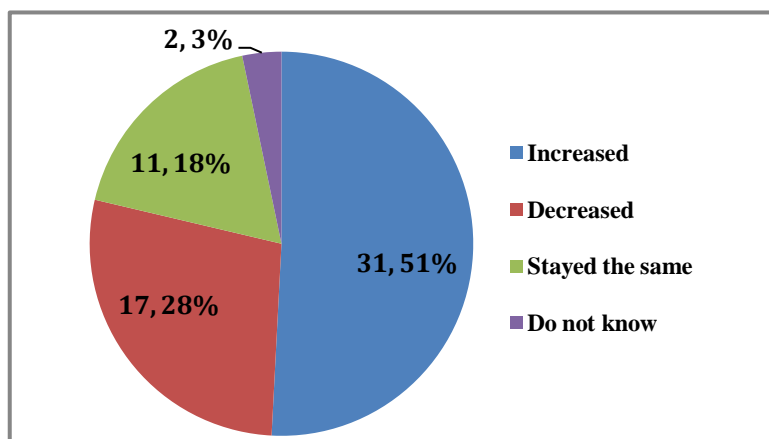
Looking at the internal sources of funding, there has not been much change in status during the economic recession. However, it can be seen that 8 (36%) organisations indicated that the funds received from fundraising activities during the economic recession was lower while 5 (23%) indicated it was the same. Furthermore, six (46%) organisations indicated that the funds received from membership fees was the same and four (31%) organisations indicated that they were lower. One organisation (8%) stated the funds received from this source increased.

The decrease in the amount of funds received from all sources of funding had a direct or indirect impact on the actual income received during the economic recession. This will be elaborated in the section below.

4.3.3 Economic recession and the status of annual income

Based on different reviews there is consensus that economic recessions impact the overall amount of income that NGOs receive. As such, the researcher wanted to find out the impact of the 2008/2009 economic recession on the amount of income respondent organisations received. Graph 10 reflects the results of respondent organisations regarding the status of their income during the economic recession.

Graph 10: Status of income during the economic recession

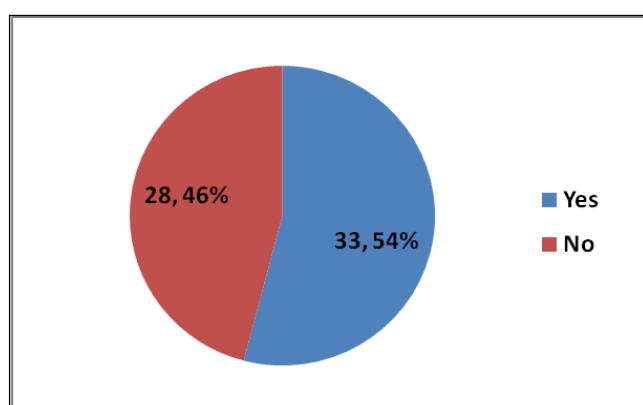


When organisations were asked to indicate the status of their annual income 31 organisations (51%) said their income had increased. Only 17 (28%) said their income had decreased and 11 (18%) indicated that their income had remained the same. Two (3%) respondent organisations stated that they did not know the status of their income. For those organisations who indicated their annual income had decreased, the average percentage of decrease was 32%. This indicates a substantial decrease in income. The increased income of 31 organisations could be because the organisations tried harder to gain funds, or because these were some of the organisations that were less affected by the economic recession. These findings, however contradict the findings of other studies, which reported a substantial decrease of income. For example, Alliance for Non Profit Excellence (2009:2) found that 73% of respondents reported decreased revenues in their 2009 current fiscal year and 18 % stated that at least 50% of their budget could be cut. Half of the respondents reported at least a 20 percent decrease (Ibid). Furthermore, 53% of the respondents experienced a drop in revenue in the 2009 fiscal year with the average decline being 19% (Vancouver Foundation, 2009: 4). On a similar note, in a study by the Johns Hopkins Non Profit Listening Project by

Salamon et al (2009), which surveyed a national sample of 363 Non-profit organisations, revealed a 51% decline in revenue.

Graph 11 shows the distribution of the number of organisations with and without cash reserves at the time the survey was distributed.

Graph 11: Organisations' cash reserves



From the 61 respondent organisations, 33 had cash reserves while 28 had no cash reserves (54%, 46%). These results hugely differ to the results by the Alliance for Non Profit Excellence (2009) that found that 73% of respondent organisations had cash reserves while only 27% said they did not have cash reserves. Cash reserves are the backbone of organisational survival. Organisations were also asked to indicate how many months of operating expenditure they would be able to fund from their cash reserves. Table 3 indicates the number of months that cash reserves could cover operating costs of organisations assuming that no additional funding was received.

Table 3: Cash reserves and operating cost of respondent organisations

Months	Number of organisations	%
0	37	61
1-6	11	18
7-12	10	16
13-24	2	3
25 and more	1	2

According to Table 3, thirty-seven organisations (61%) indicated that if there was no additional funding received, they would have to close down because they did not have cash reserves to cover the operating costs of the organisation. This is a significant percentage.

Furthermore, Table 3 shows that 11 (18%) respondent organisations indicated that their cash reserves would cover the operating cost for one to six months. Only 13 (21%) organisations indicated they had cash reserves that would cover the operating costs of their organisation for seven or more months. Only three (5%) respondent organisations indicated that their cash reserve would cover the operating cost of their organisations for a year or more. These findings are similar to Kilbey's (2010) research study results, which found that over half of the social service organisations would be unable to operate for more than three months from the date of their FYE if they received no further funding within that timeframe. The results from the Alliance Non Profit Excellence highlighted that 35% of the respondent organisations had one to six months of reserves and 14% between six to seven months. Thirty percent of those with reserves indicated they had started spending them to cover budget shortfalls. The results of the study clearly show that South African NGOs have not been strong in accumulating their own cash reserves, which would help them during an economic crisis.

In order to compare the recession years to the non-recession years, the researcher asked respondent organisations to state the income and expenditure of the organisations over three years, as indicated in Table 4 below.

Out of the 61 respondent organisations, only 34 organisations gave their income and expenditure for the years 2008, 2009 and 2010. According to Table 4, organisations that worked in the social services sector indicated a deficit in 2008 (R-2,323,327), a deficit in 2009 (R-6,656,479) and a huge surplus in 2010 (R12,662,816). Looking at the organisations that worked in the health sector, there was a surplus in 2008 (R155,268), a surplus in 2009 (R1,953,177) and a surplus in 2010 (R180,982). The finances of organisations working in the education sector showed a surplus in all the three years: 2008 (R8,813,241), 2009 (R10,124,674) and 2010 (R15,849,096). The finances of organisations in the social service and health sector show a deficit in 2008 (R-2,444,174), a surplus in 2009 (R4,105,298) and a surplus in 2010 (R266,884). The last group of organisations who worked in the three sectors, namely social service, health and education, show a surplus in 2008 (R1,038,730), a surplus in 2009 (R1,368,813) and a surplus in 2010 (R286,767).

Table 4: The annual income and expenditure of respondent organisations

Sector Name	2008			2009			2010		
	Income	Expenditure	Deficit/Surplus	Income	Expenditure	Deficit/Surplus	Income	Expenditure	Deficit/Surplus
Social Services	R 6,838,783	R 7,552,550	R-713,767	R 8,428,307	R 8,724,121	R-295,814	R 12,972,297	R 11,388,158	R 1,584,139
	R 6,698,566	R 6,337,477	R 361,089	R 5,468,812	R 7,939,111	R-2,470,299	R 13,575,836	R 5,468,812	R 8,107,024
	R 6,307,295	R 7,413,955	R-1,106,660	R 8,288,452	R 7,701,427	R 587,025	R 9,194,837	R 9,278,100	R-83,263
	R 4,500,839	R 5,528,028	R-1,027,189	R 4,063,317	R 5,261,219	R-1,197,902	R 6,723,016	R 5,828,493	R 894,523
	R 4,382,575	R 4,520,795	R-138,220	R 4,911,232	R 5,664,869	R-753,637	R 5,344,838	R 5,882,005	R-537,167
	R 4,127,213	R 4,329,279	R-202,066	R 4,031,052	R 4,469,920	R-438,868	R 5,119,449	R 5,031,547	R 87,902
	R 3,494,450	R 3,493,012	R 1,438	R 4,227,345	R 4,528,470	R-301,125	R 5,960,997	R 4,528,468	R 1,432,529
	R 3,243,925	R 3,320,991	R-77,066	R 5,216,483	R 5,316,799	R-100,316	R 4,320,415	R 4,308,472	R 11,943
	R 3,211,026	R 3,069,051	R 141,975	R 3,541,737	R 3,504,798	R 36,939	R 3,673,072	R 3,603,580	R 69,492
	R 1,559,855	R 1,537,433	R 22,422	R 1,984,466	R 1,926,370	R 58,096	R 2,107,918	R 2,218,893	R-110,975
	R 1,462,789	R 1,070,964	R 391,825	R 658,781	R 1,855,864	R-1,197,083	R 1,890,128	R 1,222,078	R 668,050
	R 1,336,164	R 2,272,395	R-936,231	R 739,865	R 1,531,506	R-791,641	R 1,082,116	R 1,074,338	R 7,778
	R 1,085,992	R 632,374	R 453,618	R 518,688	R 464,397	R 54,291	R 224,954	R 351,003	R-126,049
	R 1,075,460	R 1,020,185	R 55,275	R 650,733	R 705,987	R-55,254	R 1,974,097	R 1,215,366	R 758,731
	R 1,027,757	R 658,641	R 369,116	R 1,021,288	R 833,180	R 188,108	R 541,901	R 1,031,462	R-489,561
	R 1,000,000	R 1,000,000	R 0	R 800,000	R 890,000	R-90,000	R 450,000	R 600,000	R-150,000
	R 800,000	R 750,000	R 50,000	R 1,100,000	R 1,000,000	R 100,000	R 1,500,000	R 950,000	R 550,000
	R 50,853	R 19,739	R 31,114	R 137,595	R 126,594	R 11,001	R 256,581	R 268,861	R-12,280
	R 52,203,542	R 54,526,869	R-2,323,327	R 55,788,153	R 62,444,632	R-6,656,479	R 76,912,452	R 64,249,636	R 12,662,816
Health	R 2,000,000	R 1,800,000	R 200,000	R 2,500,000	R 2,300,000	R 200,000	R 6,000,000	R 5,800,000	R 200,000
	R 438,610	R 483,342	R-44,732	R 2,531,249	R 778,072	R 1,753,177	R 2,241,842	R 2,260,860	R-19,018
	R 2,438,610	R 2,283,342	R 155,268	R 5,031,249	R 3,078,072	R 1,953,177	R 8,241,842	R 8,060,860	R 180,982
Education	R 25,000,000	R 19,000,000	R 6,000,000	R 40,000,000	R 32,000,000	R 8,000,000	R 70,000,000	R 55,000,000	R 15,000,000
	R 6,000,000	R 4,000,000	R 2,000,000	R 7,000,000	R 5,600,000	R 1,400,000	R 9,000,000	R 7,000,000	R 2,000,000
	R 3,319,119	R 2,573,701	R 745,418	R 4,241,407	R 3,494,701	R 746,706	R 1,444,145	R 2,678,008	R-1,233,863
	R 3,200,000	R 3,200,000	R 0	R 5,900,000	R 5,900,000	R 0	R 6,100,000	R 6,100,000	R 0
	R 1,229,000	R 1,208,000	R 21,000	R 1,477,000	R 1,390,000	R 87,000	R 1,816,500	R 1,916,000	R-99,500
	R 644,390	R 633,626	R 10,764	R 952,878	R 1,074,547	R-121,669	R 1,230,397	R 1,287,290	R-56,893
	R 600,000	R 600,000	R 0	R 650,000	R 650,000	R 0	R 700,000	R 700,000	R 0
	R 300,000	R 280,000	R 20,000	R 200,000	R 180,000	R 20,000	R 350,000	R 240,000	R 110,000
	R 273,629	R 257,570	R 16,059	R 212,555	R 219,918	R-7,363	R 484,077	R 354,725	R 129,352
	R 40,566,138	R 31,752,897	R 8,813,241	R 60,633,840	R 50,509,166	R 10,124,674	R 91,125,119	R 75,276,023	R 15,849,096

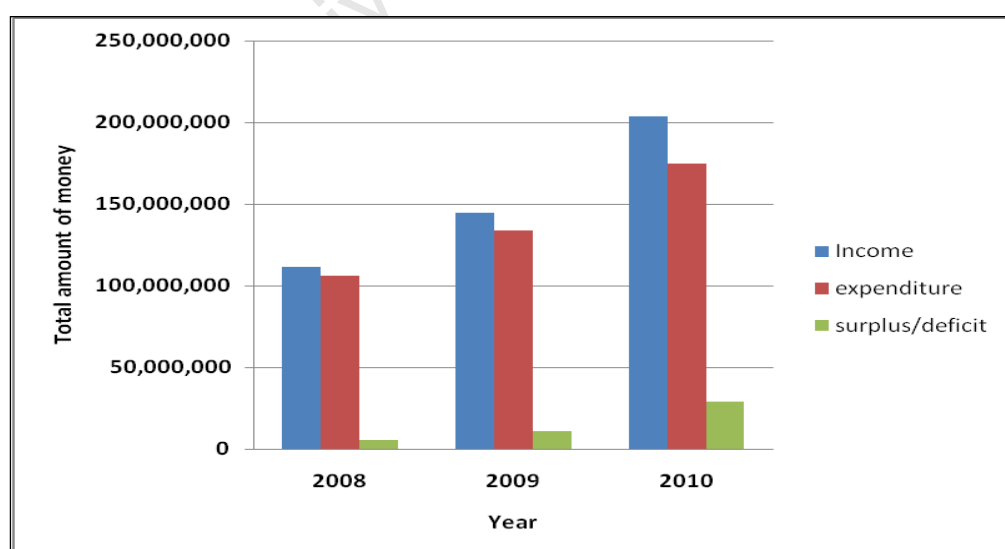
Table continued...

Sector Name	2008			2009			2010		
	Income	Expenditure	Deficit/Surplus	Income	Expenditure	Deficit/Surplus	Income	Expenditure	Deficit/Surplus
Social Services + Health	R 8,218,484	R 10,723,837	R -2,505,353	R 14,413,266	R 10,415,969	R 3,997,297	R 20,098,303	R 19,737,963	R 360,340
	R 6,000,000	R 6,010,000	R -10,000	R 6,000,000	R 6,000,000	R 0	R 5,000,000	R 5,000,000	R 0
	R 165,114	R 93,935	R 71,179	R 286,777	R 178,776	R 108,001	R 323,011	R 416,467	R -93,456
	R 14,383,598	R 16,827,772	R -2,444,174	R 20,700,043	R 16,594,745	R 4,105,298	R 25,421,314	R 25,154,430	R 266,884
Education + Social services + Health	R 1,802,876	R 764,146	R 1,038,730	R 2,674,612	R 1,305,799	R 1,368,813	R 2,282,643	R 1,995,876	R 286,767
	R 1,802,876	R 764,146	R 1,038,730	R 2,674,612	R 1,305,799	R 1,368,813	R 2,282,643	R 1,995,876	R 286,767
Total	R 111,394,764	R 106,155,026	R 5,239,738	R 144,827,897	R 133,932,414	R 10,895,483	R 203,983,370	R 174,736,825	R 29,246,545

Based on the different years, the total amount of income for all sectors in (2008) was R111,394,764 in (2009) R144,827,897 and R203,983,770 in (2010). The total amount of expenditure for the three years was R106,155,026 in 2008, R133,932,414 in 2009 and R174,736,825 in 2010. Based on these results it is clear that the social service sector was the most affected sector. While the health and education sector had surpluses in all three years, the social service sector recorded a deficit in both 2008 and 2009.

Graph 12 shows the total amount of income and expenditure for the three years, drawing on data from Table 4.

Graph 12: Total income/expenditure and surplus/loss of respondent organisations



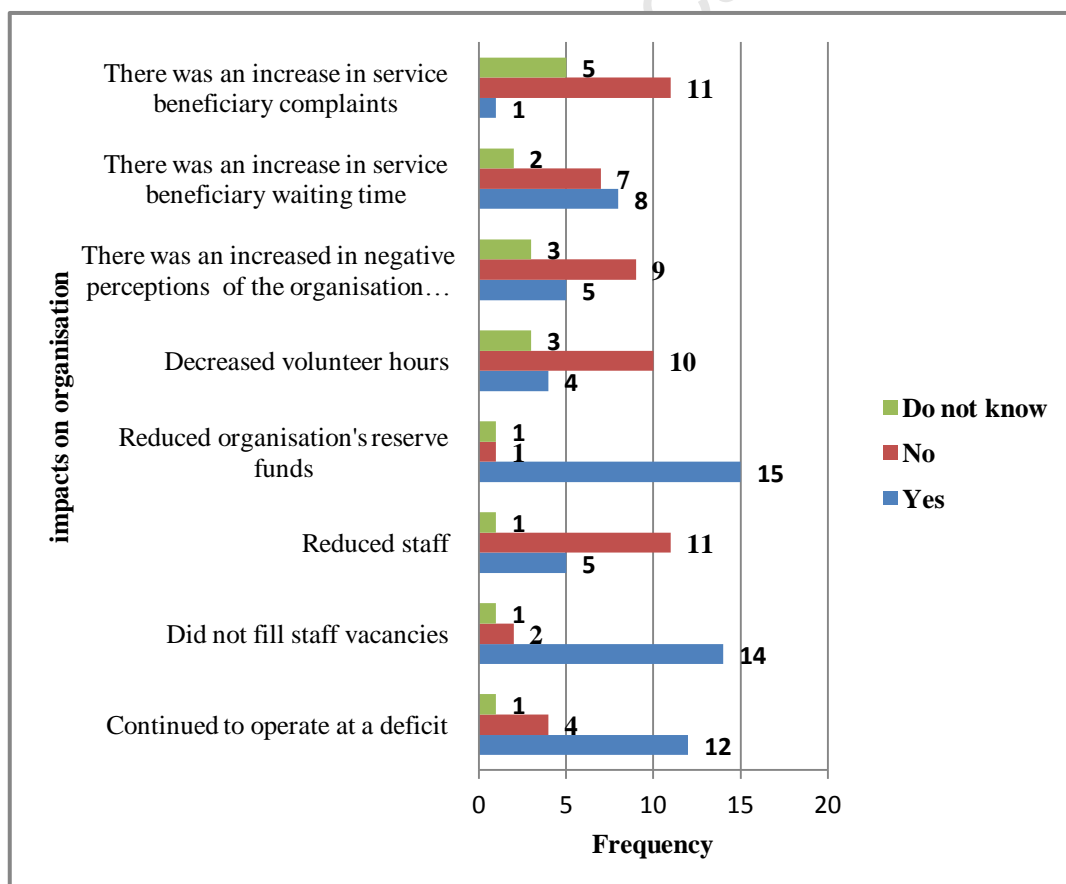
Graph 12 shows a simplified representation of the total income/expenditure and surplus/loss of respondent organisations across the years 2008,2009 and 2010. Based on this graph, the income, expenditure, surplus/loss have increased over the years. The increase in income might be due to the improved economy.

Previously quite a significant number of organisations (46%) indicated that their annual income decreased. Hence, the following section looks at what the consequences of this decrease were for the respondent organisations.

4.3.4 Impact of decreased annual income on organisations

Considering the hypothesis that the economic recession would result in reduced income compared with non-recession years, the study looked at some of the consequences of decreased annual income on the organisations' operations. Only those that indicated their income had decreased responded to this question. Accordingly, Graph 13 shows results of the impact of decreased income on organisations.

Graph 13: Consequences of decreased annual income

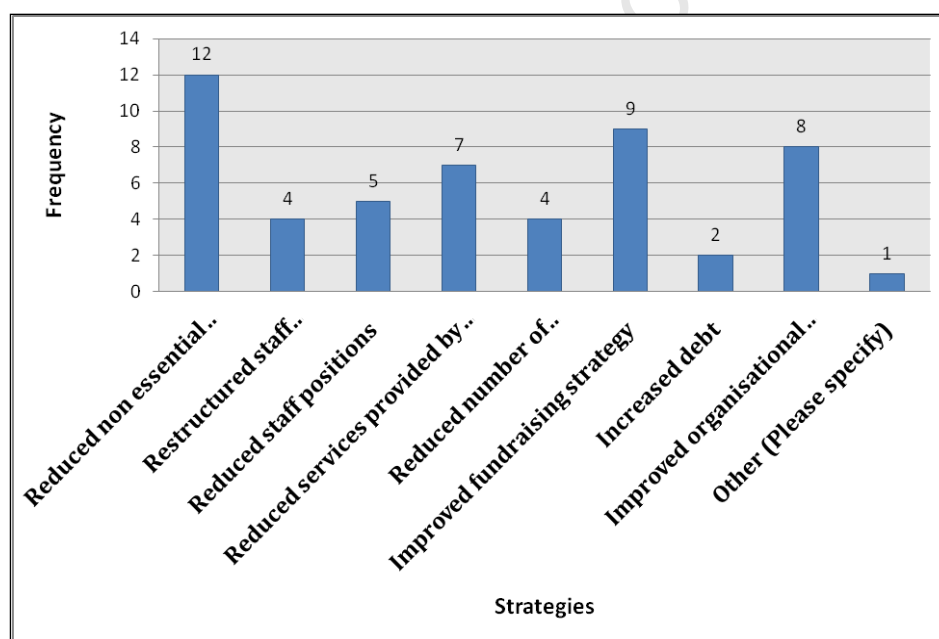


Based on Graph 13, fifteen organisations (88%) indicated that the impact of decreased annual income on their organisation led to reduced reserve funds. Fourteen (82%) organisations stated that their organisation did not fill staff vacancies. Twelve (71%) organisations reported that they continued to operate at a deficit. Furthermore, eight (47%) organisations indicated there was an increase in service beneficiaries' waiting time. Five (29%) organisations also indicated that they had to reduce staff. Furthermore, an additional five (29%) organisations indicated that there was an increase in negative perceptions of the organisation in the community. Reduction in reserves and not filling staff vacancies show that these organisations had indeed been affected by the economic recession. However, organisations implemented strategies to curb the impact of the economic recession. This is elaborated below.

4.3.5 Strategies used to curb the impact of decreased annual income

Some of these strategies that organisations implemented are reflected in Graph 14.

Graph 14: Strategies implemented to curb the impact of decreased annual income



According to Graph 14, twelve organisations (71%) indicated that they reduced non-essential expenses to curb the effect of the reduced annual income. Furthermore, nine (53%) organisations indicated that they improved fundraising strategies to curb the impact of decreased annual income. Eight (47%) organisations also indicated that they improved

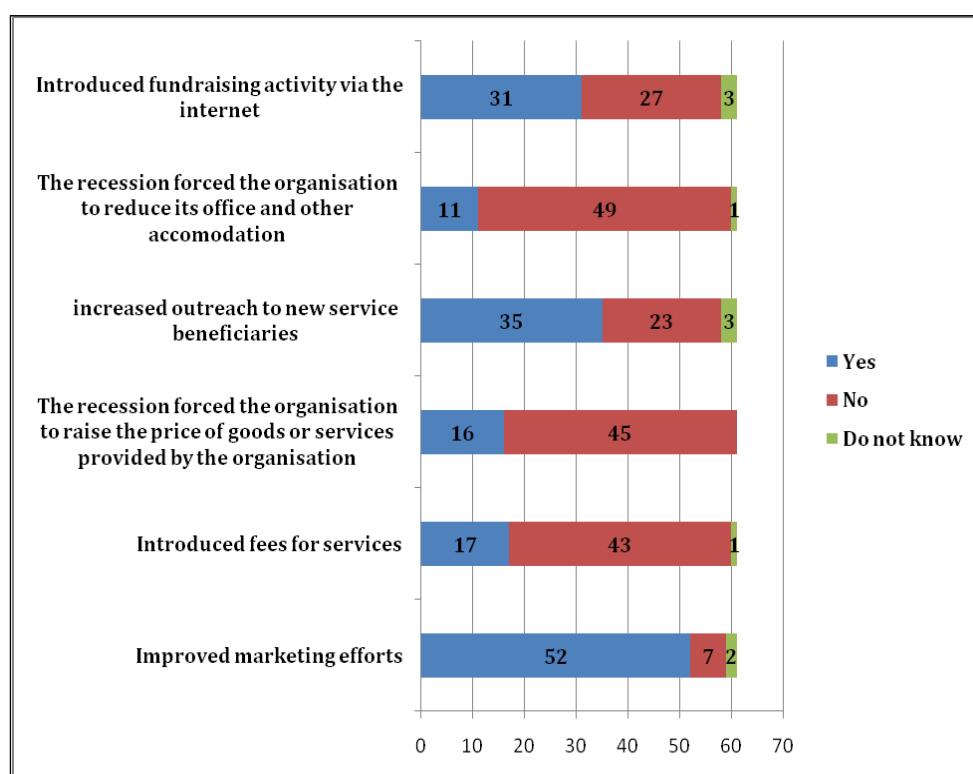
organisational efficiency. Furthermore, seven (41%) organisations indicated that they reduced services provided by the organisation. These results are similar to the results of the studies by CCVO (2009), Hanfstaengl (2010), Alliance for Non Profit Excellence (2009), and SPNO (2009), which indicated that organisations implemented strategies to reduce the costs of organisations and/or increase their finances. For example, they implemented strategies that were staff-related such as reducing staff positions, reducing travelling expenses and networking with other organisations to provide services and/or strategies to increase funds for organisations. Even though the scope of this particular study did not allow for further exploration of the effectiveness of these strategies, it is clear that implementing such strategies was better than doing nothing. However, a reduction in the services provided by the respondent organisations was high (41%). It is advisable that the aforementioned strategy should be avoided or should be implemented as a last resort, because more needs may develop with the reduction of services provided. In addition to the general and personnel-related strategies, organisations were also asked to indicate specific moneymaking strategies they implemented to curb the effect of decreased incomes.

4.3.6 Money making strategies to curb the effect of economic recession

During the economic recession, many organisations generally acquired various moneymaking strategies to increase their income levels. In the questionnaire, the researcher listed some of these strategies, which were reported in previous studies. Respondent organisations were asked to indicate which of these strategies they used to curb the general effect of the economic recession. Graph 15 indicates the results of the specific moneymaking strategies that respondent organisations indicated they implemented.

Each strategy was listed as a separate category in the questionnaire. However, the different strategies are combined here for easier representation and analysis of the data. Fifty-two (85%) organisations indicated that they improved marketing efforts. Thirty-five 35 (57%) organisations, indicated that they increased outreach to new service beneficiaries. Thirty-one (51%) organisations introduced fundraising activities via the internet. These are very important strategies as they improve the financial sustainability of organisations. According to these results, it can be deduced that the respondent organisations were vigorous in finding ways to increase their income level.

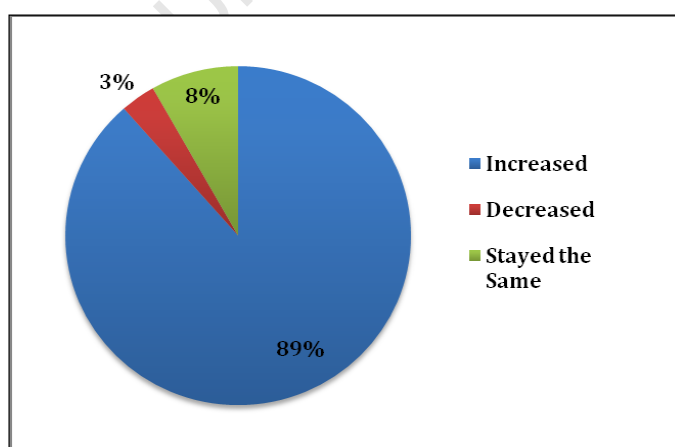
Graph 15: Money making strategies implemented to curb the impact of the economic recession



4.3.7 Economic recession and organisations' services

NGOs exist to serve the less fortunate and/ disadvantaged population of our society. This is even more needed during times of economic hardship. Accordingly, the researcher asked respondents to indicate the status of demand for their organisations' services. Graph 16 shows the answers of the respondent organisations.

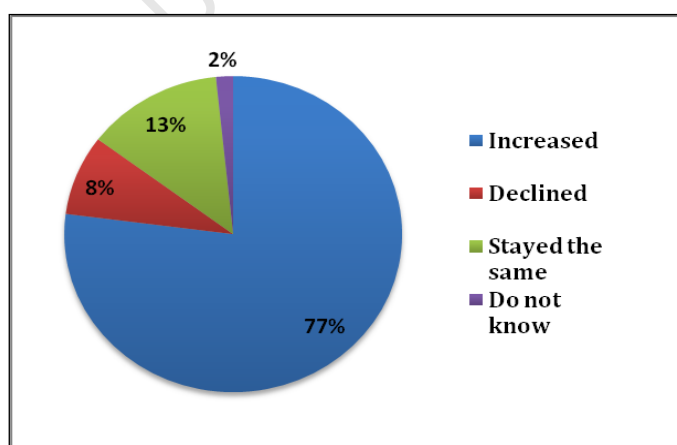
Graph 16: Demand for organisations' programmes/services



It was seen from the literature review that the economic recession impacted the nature and scope of services needed by service beneficiaries and the capabilities of organisations to deliver service. According to Graph 16, fifty four (89%) of the respondent organisations indicated that the demand for their organisation's programmes/services had increased during the economic recession. Only eight percent indicated that the demand for organisations services remained the same while three percent indicated that the demand for their services decreased. This supports the results from the Alliance for Non Profit Excellence (2009) and Hanfstaengl (2010) studies that indicated that organisations experienced an increased demand for their services as a direct result of the economic recession. Furthermore, these results coincided with the study by SPNO (2009), which conducted a survey with 413 community service agencies across Ontario that found that 60% of the respondent organisations stated that the demand for their services had increased during the economic recession. The study by the Social Planning Council of Cambridge and North Dumfries (2009:3) also portrayed that most respondent organisations (68%) stated that there was an increased demand for their services. Furthermore, the CCVO (2009) study highlighted that almost two-thirds of the respondent organisations indicated an increased demand for their programmes and services. An article by South Africa-based Naidoo & Nkuna (2009) also conveyed that there were an increased demand for the services of South African NGOs during the economic recession.

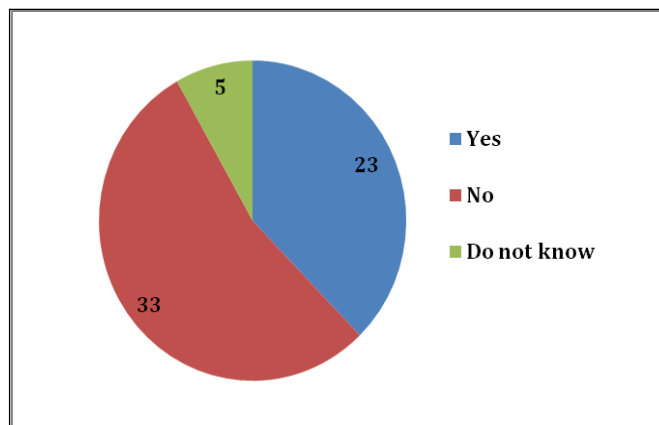
This research study also investigated whether there were any changes to the number of service beneficiaries during the economic recession. The answer for this is depicted in Graph 17.

Graph 17: Number of service beneficiaries during the economic recession



Forty-seven (77%) of the respondent organisations indicated that the service beneficiaries of their organisation had increased. Eight (13%) of the respondents stated that the service beneficiaries of the organisations had remained the same during the economic recession. This was anticipated by the researcher that there would be an increased number of service beneficiaries needing the services of NGOs. A study by SPNO (2009) supports this finding by indicating that 97% of the respondent organisations indicated an increased number of people requesting services since 2008. This indicates that it was not only the service demand that increased but also the actual number of service beneficiaries increased. Furthermore, this research explored whether the profile of service beneficiaries changed during the economic recession. Graph 18 shows the answer for this.

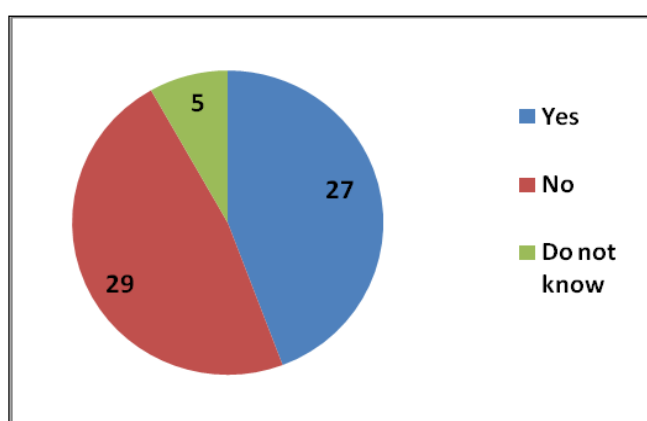
Graph 18: Profile of service beneficiaries during the economic recession



According to Graph 18, twenty-three (38%) respondent organisations indicated that the profile of the service beneficiaries changed. This supports the results from the Alliance for Non Profit Excellence (2009) and the Hanfstaengl (2010) studies, which indicated that the organisations' client profiles included people who did not previously require their services. The current research study did not explore some of the changes in the profile of the organisations' service beneficiaries. However, it is clear that more service beneficiaries needed the organisations' services.

Furthermore, the researcher wanted to know whether the nature of services demanded by the service beneficiaries had changed during the economic recession. The findings are recorded in Graph 19.

Graph 19: Change in nature of services demanded during the economic recession



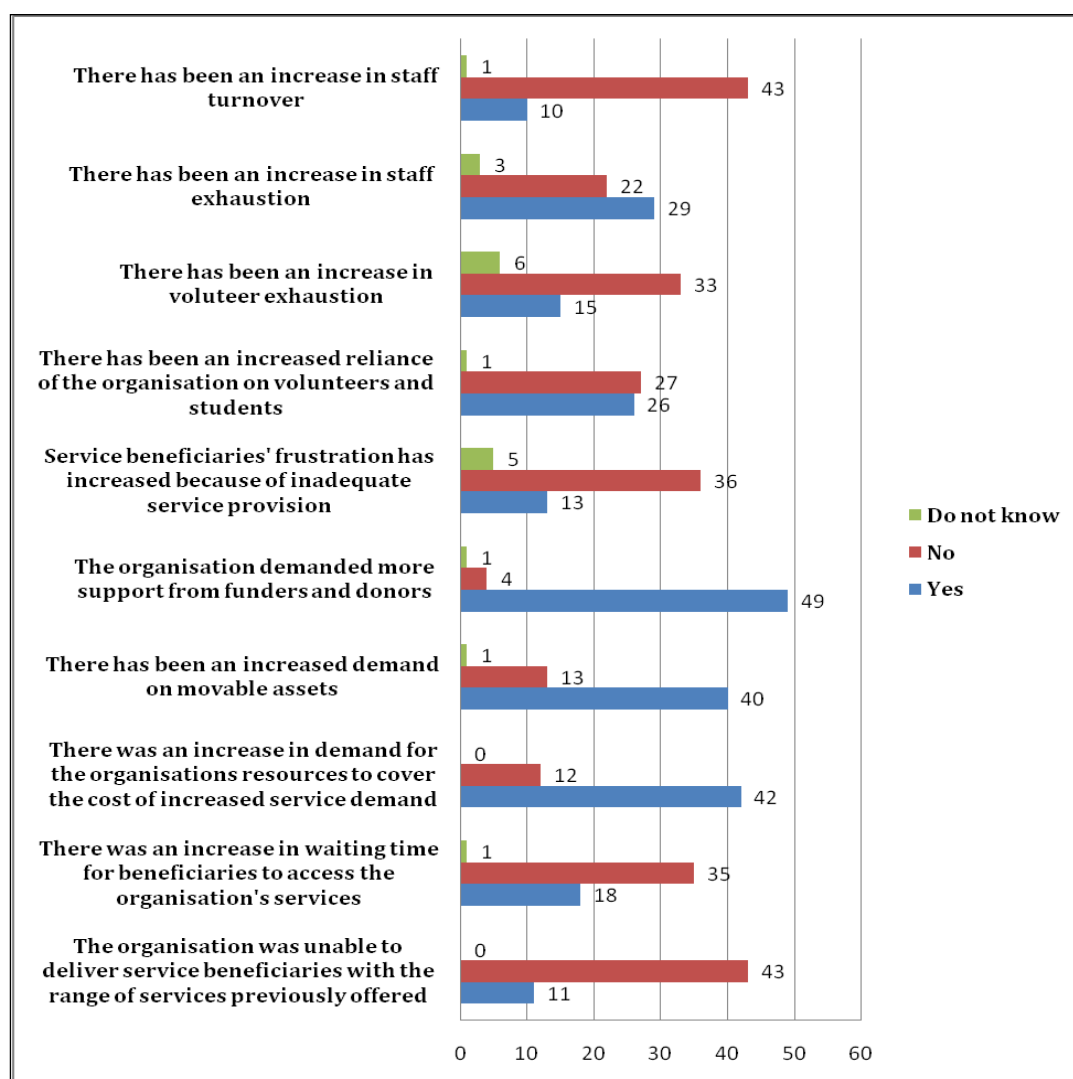
Graph 19 shows that 29 (47%) respondent organisations indicated that they did not experience a change in the nature of services demanded during the economic recession. However, 27 (44%) organisations indicated that the nature of services demanded by service beneficiaries changed. This research did not specifically explore what kind of services their clients demanded. However, from previous studies done more urgent and a wider array of services were demanded (Alliance for Non-Profit Excellence, 2009). Furthermore, the study by SPNO (2009:2) highlighted that services such as employment services, job training programmes, increased use of bankruptcy and credit counselling and suicide counselling and crisis intervention programmes were being demanded.

4.3.8 Impact of increased service demand on organisations

Respondents were asked to indicate the different impacts of increased service demand on their organisations. Graph 20 below shows the answer for this question.

According to Graph 20, forty-nine respondent organisations (91%) indicated that the increased service demand on their organisation led organisations to demand more support from donors. Forty-two (78%) organisations indicated that there was an increased demand for the organisations' resources to cover the cost of increased service demand. Lastly, 40 (74%) organisations indicated that there had been an increased demand on movable assets. The study by the Social Planning Council of Cambridge and North Dumfries (2009) indicated some of the impacts of decreased income on organisations. These were; increased caseload, more hours worked without additional staff, increased stress on staff and organisation, inability to provide clients with holistic support they needed and increased human resources costs.

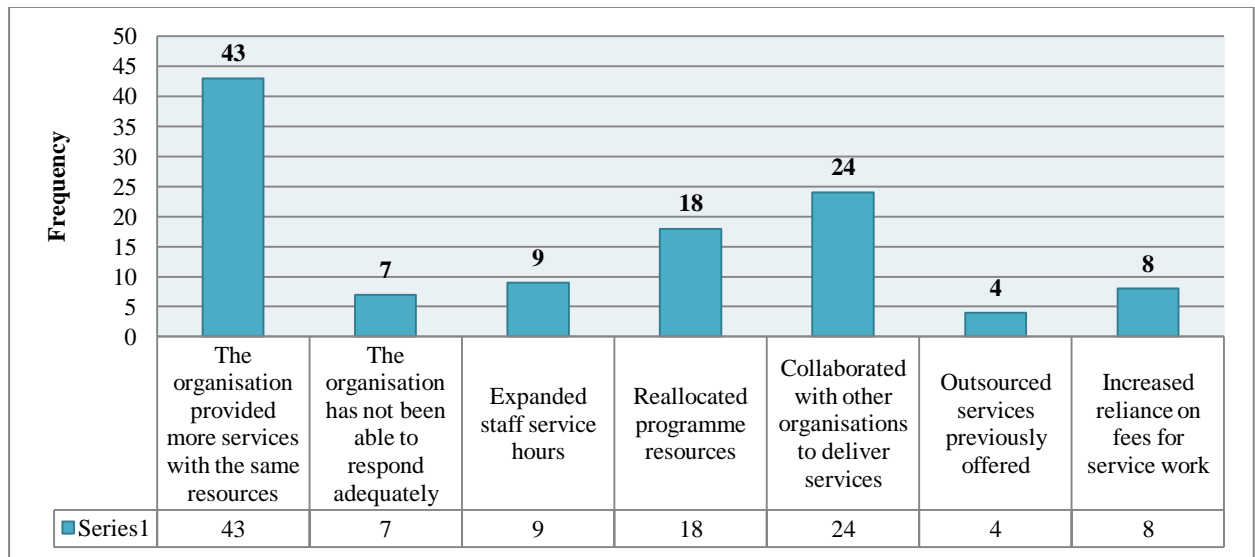
Graph 20: The impact of increased service demand on organisations



4.3.9 Strategies used to respond to increased service demand

There were quite a number of strategies that organisations employed to curb the impact of increased service demand on organisations. Graph 21 shows the different strategies that respondent organisations implemented.

Graph 21: Strategies implemented to respond to increased service demand

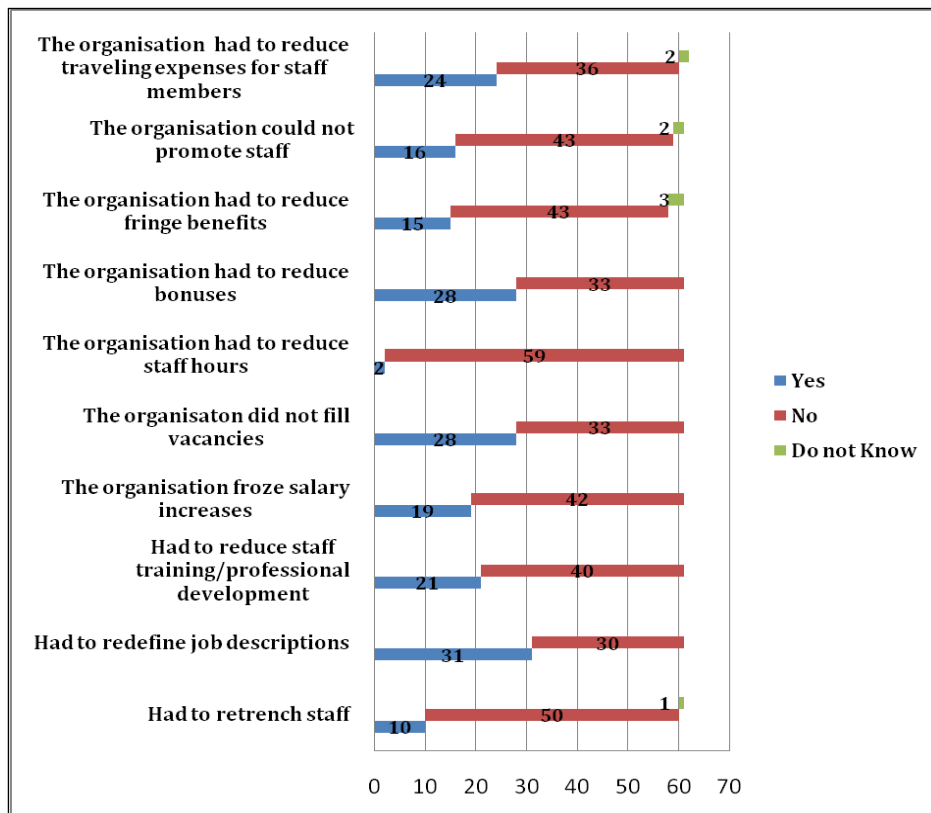


Forty-three (78%) organisations indicated that they provided more services with the same resources. This meant that they did not expand their service provision to accommodate the increased service demand. Twenty-four (44%) organisations indicated that they collaborated with other similar organisations to deliver services. Eighteen (33%) organisations indicated that they reallocated programme resources. It is surprising that 43 (78%) organisations did not do anything to effectively address the increased need. This results show similar findings from the SPNO (2009) and Social Planning Council of Cambridge and North Dumfries (2009) reports, which indicated that organisations used certain strategies to curb the effect of increased service demand, which included supporting more people with the same staff (69%), increasing volunteer hours (46%), and expanding the programme staff time and service hours (28%).

4.3.10 Economic recession and its impact on organisations' personnel

This research study explored the impact of the economic recession on the organisations' personnel. Respondents were asked to indicate with a 'Yes', 'No' or 'Do not Know' against each category. To make analysis and representation of data easier, the questions were categorised together. However, the categories will be treated separately when being analysed. Graph 22 represents the answers of respondents.

Graph 22: The impact of the economic recession on the organisations' personnel

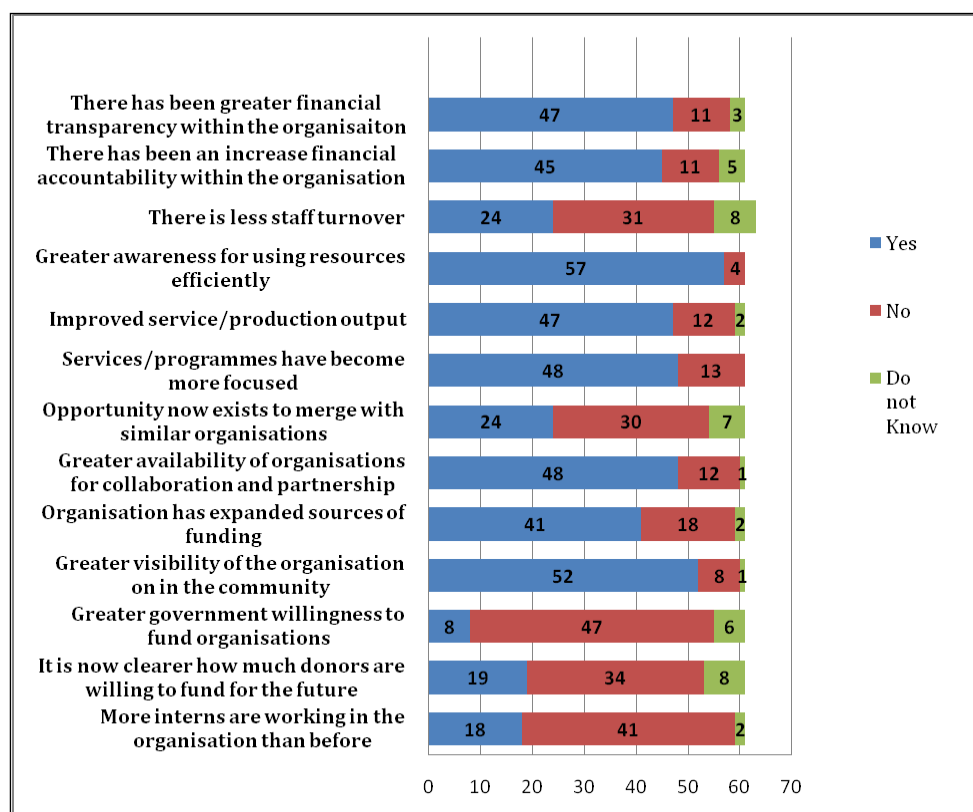


As can be seen, a large number of organisations indicated with a 'No' to different categories of impact. This means that the economic recession had minimal impact on the respondent organisations' personnel. However, 31 (51%) organisations indicated that they had to redefine job descriptions, 28 (46%) had to reduce bonuses, 28 (46%) did not fill vacancies, 24 (39%) had to reduce travelling expenses for staff, 21 (34%) had to reduce staff training /professional development, 19 (31%) froze salary increases and 16 (26%) could not promote staff.

4.3.11 Opportunities created by the economic recession

The previous section of this research study concentrated on the negative effects of the economic recession and how organisations responded to it. This section looks at some of the positive opportunities that the economic recession created for the organisations, according to the perceptions of the organisations' directors. Graph 23 indicates some of the opportunities, as indicated by respondent organisations.

Graph 23: Opportunities of the economic recession



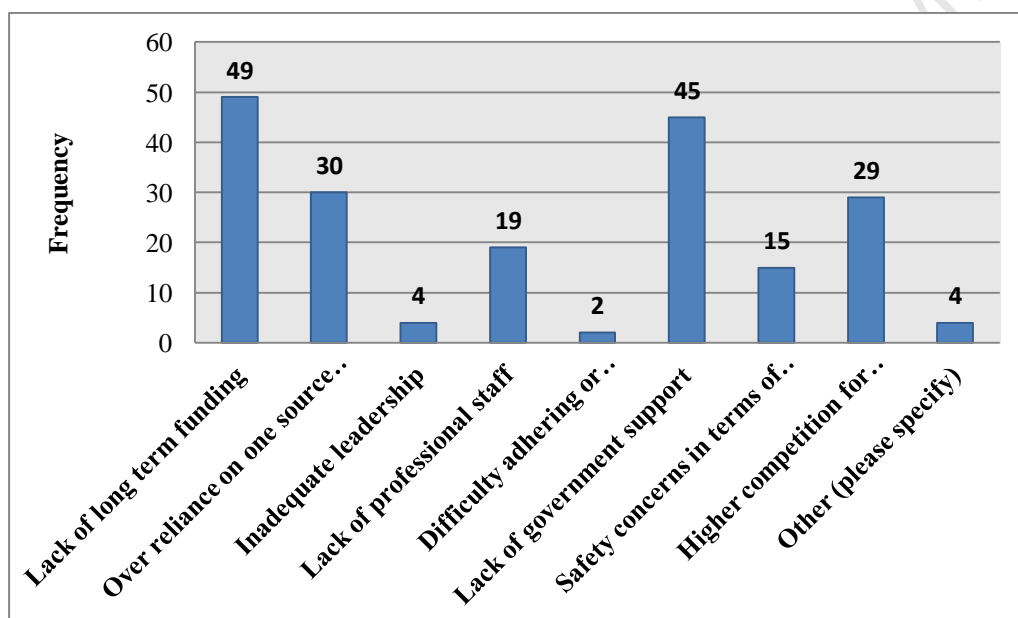
According to the study by the SPNO (2009:9) “.....there is a tangible opportunity for non-profit organisations to emerge stronger and smarter.” In this regard, out of 61 organisations, 57 (93%) indicated that the economic recession led to greater awareness of using resources more efficiently. Furthermore, 52 (85%) organisations indicated that the economic recession led to greater visibility of the organisation within the community. Forty-eight (79%) respondent organisations indicated that the economic recession led their programmes to become more focused. The same number of organisations indicated that there was greater availability of organisations for collaboration and partnership. Forty-seven (77%) organisations indicated that the economic recession promoted greater financial transparency within the organisation. These results are similar to the research results from the CCVO (2009) study, which highlighted that organisations could learn some positive lessons from the economic recession, such as more efficient use of resources. Furthermore, this study argued that the financial crisis could also lead to increased financial accountability and transparency, both from the donors and NGOs. The results of such studies also highlighted that during an

economic recession, there are more organisations available for collaboration and partnership. However this partnerships need to be based on trust and complementing missions.

4.3.12 General sustainability threats of organisations

There are many factors that challenge the sustainability of NGOs. This research study wanted to find out some of the main threatening factors that challenged the work of respondent organisations. In this case, the researcher described some of the sustainability threats and asked organisations to indicate those that applied to them. Responses are reflected in Graph 24.

Graph 24: General sustainability threats faced by respondent organisations



According to Graph 24, 49 (80%) respondent organisations indicated that a lack of long-term funding as a threat to their sustainability. Furthermore, 45 (74%) organisations indicated that a lack of government support as a threat, while 30 (49%) indicated over-reliance on one source of funding as being a threat. Twenty-nine (48%) indicated that higher competition for scarce resources was a threat to their sustainability. In a study by Smit (2005) that asked organisations in the Western Cape whether their future was secure, the majority (68%) of the organisations said no and the reason for this was lack of funding (75%) (Smit, 2005: 353). Similar results are documented by Swilling and Russell (2002) study. Their report indicated that the major problems that organisations indicated were lack of a sustainable funding base,

lack of organisational and managerial capacity, lack of government financial support, lack of contributions from the public and lack of contact with potential funding sources. Furthermore, the results from the Regency Foundation Network (2008) indicated that 55% of the respondent organisations mentioned inadequate government funding as their major threatening issue to their organisational sustainability.

This data shows that South African NGOs are hugely challenged by a lack of funding to deliver the services needed in communities. Internal factors, such as leadership were rarely identified as a threat to the respondent organisations' sustainability.

4.3.13 Respondent organizations views for the future

Organisations were asked what the future holds for them in relation to their sustainability and the 2008/2009 economic recession. Respondent organisations were asked to rate possibilities in various categories. Categories were asked separately on questionnaire. However, for easier representation of data and analysis, categories are grouped in one graph. Graph 25 shows the different views of the organisations' directors.

According to Graph 25, twelve (20%) respondent organisations disagreed with the statement that the economic recession was improving while three (5%) organisations agreed, and 33 (54%) indicated a neutral position. This shows that even though the majority of organisations are unsure of the situation of the economic recession, a significant number of organisations believed that the economic recession was improving.

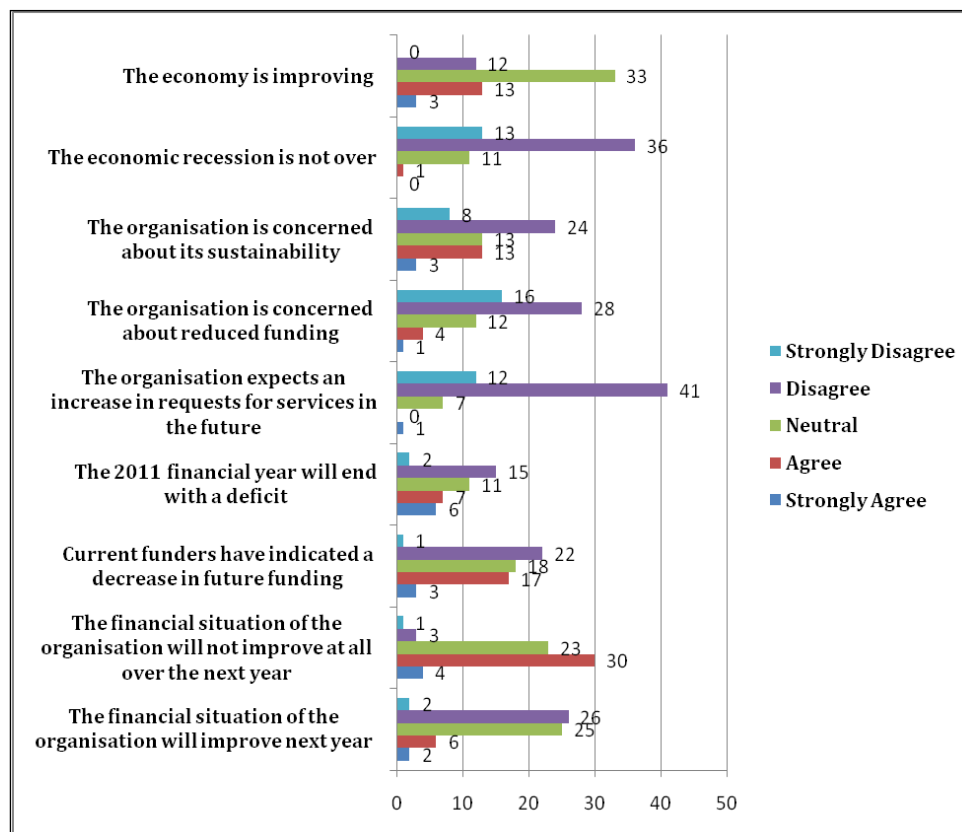
Thirty-six (59%) organisations disagreed with the statement, "The economic recession is not over." Only one (2%) agreed with the statement. Thirteen (21%) strongly disagreed and 11 (18%) indicated a neutral position. This shows that respondent organisations were optimistic about the future in relation to the economic recession.

Thirteen respondent organisations (21%) indicated that their organisation is concerned about its sustainability. Twenty-four (39%) organisations were not concerned about their organisations' sustainability. Eight (13%) strongly disagree with the statement while three (5%) strongly agree with the statement.

Twenty-eight (46%) respondent organisations were not concerned about reduced funding. Only four (7%) respondent organisations indicated that their organisation was concerned

about reduced funding. This means that organisations believe that their funding would either stay the same or increased.

Graph 25: Respondent organisations' views for the future



Twelve (20%) respondent organisations expect an increase in requests for services in the future, while 41 (67%) organisations disagreed. This shows that respondent organisations are optimistic about the future and that the economy would improve and that the demand of NGO services would lessen.

Twenty-seven (44%) respondents agreed that the 2011 financial year would end with a deficit. However, 15 (25%) respondent organisations disagreed with this statement. This shows a negative perception about the future. It could benefit organisations to plan ahead since they expect a deficit in their organisation. On the other hand, a negative perception about the future might hinder organisations to do their best in the present.

Twenty-two respondents (36%) indicated a disagreement with the statement that current donors have indicated a decrease in future funding. However, 17 (28%) respondent

organisations agreed with the statement that their current donors have indicated a decrease in future funding.

Barring two categories, a large number of organisations seem to be optimistic about the future. Thirty (49%) respondent organisations agreed with the statement that the financial situation of the organisation will not improve at all over the next year. Four (7%) strongly agreed with this option while three (5%) disagreed. Twenty-six (43%) respondent organisations indicated that the financial situation of the organisation will not improve next year. However, six (10%) stated that the financial situation of the organisation will improve next year.

4.3.14 Conclusion

This chapter presented the research results and discussed the more prominent findings that emerged from the data. This section emphasised the results on the impact of the economic recession on the finances, service demand and personnel of NGOs, as well as how NGOs were able to respond to such effect. It is hoped that the results of this research, which provided insight into the experiences of some South African NGOs in the 2008/2009 economic crisis, would help inform various stakeholders.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The goal of this study was to investigate and explore the impact of the 2008/2009 economic recession on South African NGOs working in the social service, health and education sectors. This included an exploration of how the economic recession impacted organisations' income, service demand and personnel. It also included specific strategies respondent organisations used to curb such impacts. The study further, explored the sustainability threats that NGOs faced. This chapter presents conclusions based on the survey results. It also includes recommendations based on the results. Finally, the researcher provides recommendations for future research in the same area.

It was evident from the research study that the 2008/2009 economic recession had a mostly negative impact on NGOs. However, the findings also demonstrated that the economic recession also created some positive opportunities.

5.2 CONCLUSIONS AND RECOMMENDATIONS

This section highlights some of the most prominent conclusions and recommendations based on the results of the research.

5.2.1 Sources of funding, income and strategies during the economic recession

From the research results respondents stated that their organisations received funding from different sources. This is applauded and NGOs need to continue diversifying their sources as depending on one or two sources would hinder their functioning especially during economic recession. Despite the fact that organisations indicated they received funds from a variety of external sources, most respondents reported that the funds received from these sources reduced during the economic recession. This reduced funding from the different sources led to reduced annual income, which had negative effects on the organisations' functioning. To sustain the external sources of funding organisations need to develop good relationships with their donors, because as indicated in the South African Article by Salgado (2010) donors are more likely to continue funding to NGOs, which they feel close to. Developing good

relationships can start with being accountable and transparent, providing incentives for their support and keeping in contact.

South African government is known to provide financial support to South African NGOs however, the South African government was criticised by the respondent organisations for being ineffective in providing financial support to NGOs during the economic recession. Most respondent organisations indicated that the South African government played a minimal role in providing financial support during this crisis. This is an important research result. Governments need to understand that there is no any substitute for their funding during an economic recession, which means that governments (at all levels) need to continue providing the necessary services to NGOs so that organisations will be able to continue providing the services needed.

Further, respondents indicated that they implemented other internal strategies to raise funds on their own. Even though internal sources helped NGOs continue providing services, the strategies were not enough. Hence, to reduce the negative effects of reduced income, organisations had to reduce non-essential expenses, improve fundraising strategies, improve organisational efficiency and reduce services provided. Further, organisations implemented some moneymaking strategies to address the reduced annual income due to the economic recession. Organisations need to continue to utilise internal sources, as these strategies are more sustainable compared to external sources of funding, especially in a time of economic recession. In future, it is recommended that organisations continue to engage in these activities, because they improve the organisations' sustainability. Furthermore, it is important that organisations make it a habit to implement such strategies before an economic crisis occurs.

Another strategy is that organisations can be involved in is scenario planning as a strategic approach to sustainability. Scenario planning would help organisations anticipate the different consequences of an economic recession and help prepare them as how to respond within their capacity. This would help avoid panic within the organisation in the case of an economic recession and would help them prepare effectively to deal with negative effects.

According to the research study, most respondent organisations indicated that the economic recession did not impact the organisations' personnel negatively. However, organisations indicated using staff related strategies to curb the impact of the economic recession on their

organisation. One of these strategies indicated by a large number of organisations was redefining job description, followed by reducing staff positions, reducing travelling expenses. These strategies however, would indirectly affect the level of motivation and moral of organisations' personnel. On the contrary the fact that a few organisations indicated using these strategies signifies that organisations' personnel was least affected by the economic recession compared to the finances and service demand of organisations. In this case, NGOs need to be aware of the potential consequences of the economic recession on organisations' personnel.

5.2.2 The economic recession and the status of service demand

Most organisations in this study indicated that they experienced an increased service demand for their services due to the economic recession. Such a rapid increase in demand for services is associated with negative impacts on the functioning of organisations, as NGOs are usually unprepared to cope with it. Different strategies were employed by respondent organisations to curb the impact of increased service demand.

It is recommended that NGOs take into account the benefit of continuing to provide the services needed by service beneficiaries particularly during financial crisis as people need the help of NGO services. As much as possible, NGOs need to avoid the reduction in the quality and quantity of services and programmes that they provided prior to the recession. Henceforth, if any kind of crisis happens, organisations must make sure they find other ways of curbing the impact of increased service demand. Some organisations try to cut on the programmes and services they provided. However, this is not advisable because it negatively affects the people and the communities within which they live. This in turn affects society as a whole, which creates greater problems that become more difficult to address later.

5.2.3 Opportunities created by the economic recession

Even though the economic recession was associated with negative consequences for many NGOs, it has also created various positive opportunities for many NGOs.

It is recommended that organisations recognise that there are opportunities that organisations can use to their advantage during such crisis. From the results of the research, organisations indicated the 2008/2009 economic recession created some opportunities for creativity and innovation. The lessons learnt during hard times can be lessons for life. It should be noted

that organisations can benefit from developing a culture of collaboration and partnership prior to a time of crisis. As the success of relationships depend on how well the partnerships complement one another. If organisations look for collaboration and partnership at the time of crisis, they may be quick to choose whoever comes to such an agreement. This means they would not have time to evaluate the pros and cons of such a relationship.

5.2.4 General sustainability threats

The sustainability threats that most respondent organisations chose were the lack of long-term funding, lack of government support, over-reliance on one source of funding and high competition for scarce resources.

While some organisations who were prepared survived the crisis, others closed their doors because they could not cope. In future, it is recommended that organisations proactively and strategically think through sustainability issues, so that they develop effective and lasting strategies that would put them in a better position when such crisis occurs. Long term funding is the most important aspect of NGO life worldwide. In this case, NGOs and the stakeholders who get involved in the work of NGOs need to think about the long term financial survival of NGOs.

5.2.5 Moving forward

According to the research results a large number of organisations were optimistic about the future. They indicated that the economy was improving and that the economic recession was over. They also indicated that they were not concerned about their sustainability. However, 44% of the organisations indicated that the financial year 2011 would end with a deficit. It is a positive sign that the organisations indicate some optimism about the future with regards to the economic recession and the sustainability of their organisations. In this case respondent organisations need to take into account how they are feeling and compare it with their friends. It is when one knows about other person that he/she start to compare.

5.2.6 General recommendations

The following are some recommendations specifically provided by respondent organizations.

5.2.6.1 Recommendations for the South African government

Many organisations indicated that they were not happy with the government, especially because of lack of financial support. Further, the South African government was criticised for its inability to facilitate the registration of NGOs, because unregistered NGOs cannot receive funding. Respondent organisations also highlighted the government's ineffective approach to improving the staff capacity of the Lotto. Respondent organisations advised government to implement measures to make sure that the Lotto staff are held accountable. Some organisations also felt that the South African government pressures companies to comply with BEE and said that this has led companies to only support NGOs who can give them more points. Some respondents stated that this means NGOs who do not have exclusively black clients suffered the most from the recession.

5.2.6.2 Recommendations for NGOs

Respondent organisations stated that well-managed NGOs did not have problems with the recession because corporate companies are known to invest wisely and if organisations are accountable, the funds are available. This means that in future, organisations need to be more accountable to their donors and show them how effectively they are using their funds. In addition, a respondent organisation stated that NGOs need to become more well-known, because the more an organisation is known, the more it receives support. Government departments need to work with NGOs to address the increased service demand of NGOs. For example, some respondents stated that the economic recession led to increased mental health problems that increased the demand for his/her organisations' services; however, the Department of Health did not provide sufficient resources to address this issue.

5.2.6.3 Recommendations for further research

A correlation study could be conducted where the experiences and opinions of organisations is correlated against the size, field of work and other characteristics of organisations. Furthermore, future researchers can consider engaging other key stakeholders including donors, policy makers and non-profit consultants within the sampling framework in order to compile a more comprehensive data that would benefit these different stakeholders. It would also be important that further research includes the examination and investigation of organisations' financial statements to get a realistic and actual impact of the economic recession on the finances of organisations.

5.2.7 Conclusion

This chapter presented key conclusions based on the research findings, as well as recommendations based on the analysis of the researcher and the opinions of respondents.

As a whole, the study explored the impact of the 2008/2009 economic recession on the sustainability and functioning of South African NGOs in the social service, health and education sectors.

Utilising a quantitative methodology provided to be useful and enabled the discovery of a range of findings. The responses to this study provided a greater understanding of how the economic recession affected the sustainability and functioning of South African NGOs in terms of their finances, service delivery/demand and organisational personnel. This provided new data about the challenges that NGOs faced during the economic recession and the strategies they used to curb these challenges.

Even though South African NGOs were affected less by the economic recession compared to the other NGOs abroad, the results still portrayed that the economic recession led to reduced funds from different sources of funding and increased service demand. This means that NGOs are not prone to the increased interdependence and globalisation world. This means that South African NGOs should take the necessary preparations to such crisis and they need to be able to sustain themselves during such crisis. It is hoped that the results of this research would benefit the different stakeholders involved in the work of South African NGOs. Further research to add to this knowledge is hugely encouraged.

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APPENDIX A: RESEARCH QUESTIONNAIRE

The 2008/2009 economic recession and its impact on NGO sustainability and functioning

Eyesus Gebreselassie
University of Cape Town
Email: eyulifem@gmail.com

Dear Directors,

My name is Eyesus Gebreselassie and I am currently registered for a Masters degree in the field of Social Policy and Management at the University of Cape Town. Part of the degree requirement is to complete a research project. The topic of my research is 'An Investigation of the Impact of the 2008/2009 Economic Recession on NGO Sustainability and Functioning: A South African Perspective Across the Social Service, Health and Education Sectors.' The information that currently exists around this research area is very limited especially in the African context. In order to expand the knowledge base I would like you to please participate in sharing your organisation's experiences of the 2008/2009 economic recession.

The organisation's director or another person in your organisation who is knowledgeable about the organization's operations, personnel, financial management, services and programmes may complete the survey.

The survey consists of questions/statements pertaining to the impact of the 2008/2009 economic recession on different aspects of NGOs. This survey will take between 30 to 35 minutes to complete.

By participating in this study, you will contribute to a better understanding of the impact of the economic recession on NGOs who work in the social service, health and education sectors of South Africa. The experiences and strategies that you share that your organisation implemented would also help other NGOs to better deal with sustainability issues in the future. Further, it would help government and policy makers to better assist NGOs during such crisis. The information you provide will remain anonymous and your identity will not be revealed, either while you are participating in the study or when the results are published. Any document with your identifying information will remain in a password-protected computer and will be destroyed once the study is concluded.

A copy of the summary of the results of the study will be provided should you so desire. It is hoped that you find the research study engaging.

Many thanks in advance.

Kind Regards,

Eyesus Gebreselassie

New Page

Section A: Organisational Details

This section seeks to gather information about the organisation with regards to its service provision and demographics.

1.) Name of organisation

2.) In which year was your organisation established? (the least and maximum year)

3.) Location (Province) of the organization

☐ KwaZulu-Natal

☐ Gauteng

☐ Limpopo

☐ Western Cape

☐ North West

☐ Mpumalanga

☐ Free State

☐ Northern Cape

☐ Eastern Cape

4.) Job title of respondent

5.) Number of years you have worked in your current position (min and max no of year worked)

6.) Please indicate the size of the organisation as at 1 October, 2010

	Number
Permanent staff	—
Contract staff	—
Volunteers	—

7.) Please indicate the Financial Year End (FYE) of the organisation

☐ January

☐ February

☐ March

☐ April

☐ May

☐ June

☐ July

☐ August

☐ September

☐ October

☐ November

☐ December

8.) Please indicate below the main sector (s) in which you operate

☐ Education

☐ Social Services

☐ Health

)

Please indicate the services provided by the organisation

- ☐ Crèche
- ☐ Pre-school
- ☐ Primary School
- ☐ Higher Education
- ☐ Adult continuing education
- ☐ Research services
- ☐ Teachers training
- ☐ life skills training
- ☐ Advisory services for schools and government
- ☐ Children's rights
- ☐ Other (Please specify)

)

Please indicate the services provided by the organisation

- ☐ Child welfare and services
- ☐ Youth welfare and services
- ☐ Family Services
- ☐ Mental services for the handicapped
- ☐ Physical services for the handicapped
- ☐ Services for the elderly
- ☐ Self help services
- ☐ Emergency and relief services (like disaster/emergency, prevention/control and temporary shelters)
- ☐ Support and maintenance (material assistance)
- ☐ Services for the offenders
- ☐ Services for substance abusers
- ☐ Research Services
- ☐ Other (please specify)

) Please indicate the services provided by the organisation

☐ Hospitals/rehabilitation

☐ Nursing homes

☐ Mental health treatment and crisis intervention

☐ Public health and wellness education

☐ Health treatment (outpatient)

☐ Primary health care service

☐ Rehabilitative medical services

☐ Emergency medical services

☐ HIV/AIDs services

☐ TB services

☐ Research services

☐ Other (Please specify)

9.) Indicate in terms of which legislation the organisation is registered

☐ Non Profit Act 71 of 1997

☐ Income Tax Act of 28 of 1997 (eg. Public Benefit Organisation)

☐ Companies Act 71 of 2008

☐ Other (Please Specify)

Section B: The effect of economic recession on finances/operations

This section seeks to investigate the effect of economic recession on the finances/operations of organisations

10.) Indicate below the external sources of funding for the organisation

☐ Government (National)

☐ Government (Provincial)

☐ Government (Local)

- ☐ National Development Agency (NDA)
- ☐ National Lottery (Lotto)
- ☐ Corporate Sector (Business)
- ☐ Private foundations/trusts
- ☐ Individuals
- ☐ Religious institutions
- ☐ International donors
- ☐ Funding agencies (eg. Community Chest)
- ☐ Other (please specify)

11.) What percentage of the organisation's total revenue/income do the sources of funding selected above constitute?

	Percentage
Government (National)	—
Government (Provincial)	—
Government (Local)	—
National Development Agency (NDA)	—
National Lottery (Lotto)	—
Corporate Sector (Business)	—
Private foundations/trusts	—
Individuals	—
Religious institutions	—

International donors	—
Funding Agencies (eg. Community Chest)	—
Other sources	—

12.) Please indicate below the internal sources of funding the organization is involved in to raise its own funds.

☐ Service fees

☐ Fund-raising activities

☐ Trading (business)

☐ Membership fees

☐ Investment

☐ Other (Please specify)

13.) What percentage of the organisation's total funds do the internal sources of funding selected above constitute

	Percentage
Service fees	—
Fundraising activities	—
Trading (Business)	—
Membership fees	—
Investment	—
Other internal sources	—

14.) During the 2008/2009 economic recession what was the status of the funds received from the different sources of funding selected earlier in question 10 and 12? Indicate whether the fund was higher, the same, lower or Do not know.

	Higher	Same	Lower	Do not know
Government (National)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government (Provincial)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government (Local)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Development Agency (NDA)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
National Lottery (Lotto)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Sector (Business)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private foundations/trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individuals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religious institutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International donors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding Agencies (eg. Community Chest)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Charge service fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Undertake fundraising activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Trading (Business)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Membership fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other internal sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other external sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15.) During the 2008/2009 economic recession, the annual income for the organisation

- ☐ Increased
- ☐ Decreased
- ☐ Stayed the same
- ☐ Do not know

) Indicate the approximate percentage that your income decreased by

If you answered '**Decreased**' annual income for question 18 during the economic recession indicate with a Yes, No or Do not know for the following statements that state the impacts of decreased income on the organisation.

) Continued to operate at a deficit

- ☐ Yes
- ☐ No
- ☐ Do not know

) Did not fill staff vacancies

- ☐ Yes
- ☐ No

☐ Do not know

) Reduced staff

☐ Yes

☐ No

☐ Do not know

) Reduced organisation's reserve funds

☐ Yes

☐ No

☐ Do not know

) Decreased volunteer hours

☐ Yes

☐ No

☐ Do not know

) There was an increase in negative perceptions of the organisation in the community

☐ Yes

☐ No

☐ Do not know

) There was an increase in service beneficiary waiting time

☐ Yes

☐ No

☐ Do not know

) There was an increase in service beneficiary complaints

- ☐ Yes
- ☐ No
- ☐ Do not know

)

Indicate the strategies that the organisation used to curb the impact of the **Decreased** annual income on your organisation.

- ☐ Reduced non essential expenses
- ☐ Restructured staff responsibilities
- ☐ Reduced staff positions
- ☐ Reduced work hours
- ☐ Reduced services provided by the organisation
- ☐ Reduced number of beneficiaries served
- ☐ Improved fundraising strategy
- ☐ Increased debt
- ☐ Improved organisational efficiency
- ☐ Other (Please specify)

16.) Do you have cash reserves

- ☐ Yes
- ☐ No
- ☐ Do not know

) How many months of operating expenditure can you fund from your reserves?

Section C: The effect of economic recession on service delivery

This section looks at some of the impacts of the 2008/2009 economic recession on the beneficiaries and the services of the organisation

17.) During the Financial Year Ending 2010 the demand for the organisation's programmes/services have

- ☐ Increased
- ☐ Decreased
- ☐ Stayed the Same
- ☐ Do not know

18.) The number of service beneficiaries during the economic recession have

- ☐ Increased
- ☐ Declined
- ☐ Stayed the same
- ☐ Do not know

19.) Has the profile of service beneficiaries changed (new groups of people like the middle income groups) needing services

- ☐ Yes
- ☐ No
- ☐ Do not know

20.) Has the nature of the services demanded by the service beneficiaries changed since the economic recession? (eg. groups needing more crisis intervention, emergency services)

- ☐ Yes
- ☐ No
- ☐ Do not know

The following statements portray some of **the impact of increased service demand** on organisations during the economic recession. For each sentence answer with a Yes, No or Do not know.

) There has been an increase in staff workload

☐ Yes

☐ No

☐ Do not know

) The organisation was unable to deliver service beneficiaries with the range of services previously offered.

☐ Yes

☐ No

☐ Do not know

) There was an increase in waiting time for beneficiaries to access the organisation's services

☐ Yes

☐ No

☐ Do not know

) There was an increase in demand for the organisation's resources to cover the costs of the increased service demand

☐ Yes

☐ No

☐ Do not know

) There has been an increased demand on movable assets (eg. vehicles, computers, printers, meeting spaces, etc).

☐ Yes

☐ No

☐ Do not know

) The organisation demanded more support from funders and donors

☐ Yes

☐ No

☐ Do not know

) Service beneficiaries' frustration has increased because of inadequate service provision

☐ Yes

☐ No

☐ Do not know

) There has been an increased reliance of the organisation on volunteers and students

☐ Yes

☐ No

☐ Do not know

) There has been an increase in volunteer exhaustion

☐ Yes

☐ No

☐ Do not know

) There has been an increase in staff exhaustion

☐ Yes

☐ No

☐ Do not know

) There has been an increase in staff turnover

() Yes

() No

() Do not know

) The following statements indicate some of the strategies/tactics that organisations use to respond to the increased service demand. Below indicate the strategies/tactics that your organisation used to curb the impact of increased service demand due to the economic recession.

[] The organisation provided more services with the same resources

[] The organisation has not been able to respond adequately

[] Expanded staff service hours

[] Reallocated programme resources

[] Collaborated with other organisations to deliver services

[] Outsourced services previously offered

[] Increased reliance on fees for service work

Section D: The effect of economic recession on the personnel of the organisation

This seeks to look at the impact of the economic recession on the personnel of organisations

The following statements portray the **impact of the economic recession on the organisation's personnel**. Please answer with a Yes, No, Do not know.

21.) Had to retrench staff

() Yes

() No

() Do not know

22.) Had to redefine job descriptions

() Yes

☐ No

☐ Do not know

23.) Had to reduce staff training/professional development

☐ Yes

☐ No

☐ Do not know

24.) The organisation froze salary increases

☐ Yes

☐ No

☐ Do not know

25.) The organisation did not fill vacancies

☐ Yes

☐ No

☐ Do not know

26.) The organisation had to reduce staff hours

☐ Yes

☐ No

☐ Do not know

27.) The organisation had to reduce bonuses

☐ Yes

☐ No

☐ Do not know

28.) The organisation had to reduce fringe benefits

☐ Yes

☐ No

☐ Do not know

29.) The organisation could not promote staff

☐ Yes

☐ No

☐ Do not know

30.) The organisation had to reduce travelling expenses for staff members

☐ Yes

☐ No

☐ Do not know

Section E: Entrepreneurial (money making) strategies

This section tries to find out some of the money making strategies that organisations use during the economic recession to increase their income base

The following statements portray some of the money making strategies that organisations use to curb the impact of economic recession. For each statement answer with a Yes, No or Do not know in the context of your organisation.

31.) Improved marketing efforts

☐ Yes

☐ No

☐ Do not know

32.) Introduced fees for services

☐ Yes

☐ No

☐ Do not know

33.) The recession forced the organisation to raise the price of goods or services provided by the organisation.

☐ Yes

☐ No

☐ Do not know

34.) Increased outreach to new service beneficiaries

☐ Yes

☐ No

☐ Do not know

35.) The recession forced the organisation to reduce its office and other accommodation

☐ Yes

☐ No

☐ Do not know

36.) Introduced fundraising activity via the internet

☐ Yes

☐ No

☐ Do not know

Section F: Opportunities created by the economic recession

This section looks at the opportunities the economic recession might have created to organisations.

Even though the impact of economic recession has been associated with negative consequences there might be some opportunities created by the economic recession. Below indicate with a Yes, No or Do not know options for each statement made.

37.) More people are volunteering their services

☐ Yes

☐ No

☐ Do not know

38.) More interns are working in the organisation than before

☐ Yes

☐ No

☐ Do not know

39.) It is now clearer how much donors are willing to fund for the future

☐ Yes

☐ No

☐ Do not know

40.) Greater government willingness to fund organisations

☐ Yes

☐ No

☐ Do not know

41.) Greater visibility of organisation in the community

☐ Yes

☐ No

☐ Do not know

42.) Organisation has expanded sources of funding

☐ Yes

☐ No

☐ Do not know

43.) Greater availability of organisations for collaboration and partnership

☐ Yes

☐ No

☐ Do not know

44.) Opportunity now exists to merge with similar organisations

☐ Yes

☐ No

☐ Do not know

45.) Services/programmes have become more focused

☐ Yes

☐ No

☐ Do not know

46.) Improved service/production output

☐ Yes

☐ No

☐ Do not know

47.) Greater awareness for using resources efficiently

☐ Yes

☐ No

☐ Do not know

48.) There is less staff turnover

☐ Yes

☐ No

☐ Do not know

49.) There has been increased financial accountability in the organisation

☐ Yes

☐ No

☐ Do not know

50.) There has been greater financial transparency in the organisation

☐ Yes

☐ No

☐ Do not know

51.) Please indicate below the sustainability threats that apply to the organisation.

☐ Lack of long term funding

☐ Over reliance on one source of funding

☐ Lack of beneficiaries seeking services

☐ Inadequate leadership

☐ Lack of professional staff

☐ Difficulty adhering to or understanding legislation

☐ Lack of government support

☐ The political situation of the country

☐ Higher competition for scarce resources

☐ Other (please specify)

Section G: Views for the future

This section seeks to understand some of the views for the future in terms of the economic recession and the sustainability of organisations in general.

52.) The financial situation of the organisation will improve next year

☐ Strongly disagree

☐ Disagree

☐ Neutral

☐ Agree

☐ Strongly agree

53.) The financial situation of the organisation will not improve at all over the next year

☐ Strongly disagree

☐ Disagree

☐ Neutral

☐ Agree

☐ Strongly agree

54.) Current funders have indicated a decrease in future funding

☐ Strongly disagree

☐ Disagree

- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

55.) The 2011 financial year will end with a deficit

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

56.) The organisation expects an increase in requests for services in the future

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

57.) The organisation is concerned about reduced funding

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

58.) The organisation is concerned about its sustainability

- ☐ Strongly disagree
- ☐ Disagree

- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

59.) The economic recession is not over

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

60.) The economy is improving

- ☐ Strongly disagree
- ☐ Disagree
- ☐ Neutral
- ☐ Agree
- ☐ Strongly agree

61.) For each financial year end (FYE) please state the actual (income and expenditure) of the organisation

	Income	Expenditure
Financial Year Ending 2008	—	—
Financial Year Ending 2009	—	—
Financial Year	—	—

Ending 2010		
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62.) Do you have any other concluding comments regarding the research topic and its impact on your organisation

63.) Contact Information

Organisation Name: _____

Email Address: _____

Telephone Number: _____

Fax Number: _____

Postal Address: _____

Thank You!

Thank you for taking your precious time to add to the knowledge of the impact of the 2008/2009 economic recession on NGOs. It is greatly appreciated.